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INTERSTATE COMMERCE COMMISSION Hand Delivery

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Twelfth Street & Constitution Avenue, N.W.
Washington, DC 20423

17696
FEB 5 1992 -11 35 AM

FEB 5 11 35 AM '92
NOTICE UNIT

17696
FEB 5 1992 -11 35 AM

INTERSTATE COMMERCE COMMISSION

Re: Lease of Aluminum Rapid Discharge® II Hopper
Railcars from Meridian Trust Company to Union
Pacific Railroad Company, and Indenture and
Security Agreement Relating to the Same

Dear Mr. Strickland:

I am enclosing for recording pursuant to Section 11303 of Title 49 of the United States Code two originals of each of the two primary documents described below and the one secondary document described below, which secondary document is related to the enclosed primary documents. As one of the attorneys representing Union Pacific Railroad Company in this transaction, I have knowledge of the matters described in this letter.

The enclosed primary documents are as follows:

- (1) Lease Agreement, dated as of February 5, 1992, between Meridian Trust Company, as lessor (the "Lessor"), and Union Pacific Railroad Company, as lessee (the "Lessee"); and
- (2) Indenture and Security Agreement, dated as of February 5, 1992, between Meridian Trust Company, as owner trustee (the "Owner Trustee"), and Wilmington Trust Company, as indenture trustee (the "Indenture Trustee").

The enclosed secondary document is as follows:

Lease and Indenture Supplement, dated as of February 5, 1992, among Meridian Trust Company, as Lessor and Owner Trustee, Union Pacific

Handwritten signature: Gregory J. H. C.

REED SMITH SHAW & McCLAY

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February 5, 1992
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Railroad Company, as Lessee, and Wilmington Trust Company, as Indenture Trustee. The primary documents to which this Lease and Indenture Supplement is connected are those which are referred to above and which are being submitted for recording concurrently herewith.

The names and addresses of the parties to the documents are as follows:

Lease Agreement

Lessee:
Union Pacific Railroad Company
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018

Lessor:
Meridian Trust Company
35 North Sixth Street
Reading, Pennsylvania 19601

Indenture and Security Agreement

Owner Trustee:
Meridian Trust Company
35 North Sixth Street
Reading, Pennsylvania 19601

Indenture Trustee:
Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890

Lease and Indenture Supplement

Lessee:
Union Pacific Railroad Company
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018

Lessor and Owner Trustee:
Meridian Trust Company
35 North Sixth Street
Reading, Pennsylvania 19601

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Indenture Trustee:
Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890

The Lease Agreement provides, *inter alia*, for the lease by the Lessor to the Lessee of aluminum Rapid Discharge® II hopper railcars (the "Railcars"). The Indenture and Security Agreement provides, *inter alia*, for the granting of a security interest in the Railcars in favor of the Indenture Trustee in order to secure the Owner Trustee's performance of certain obligations under the Indenture and Security Agreement and the Lessee's performance of certain obligations under the Lease Agreement and any Lease and Indenture Supplement executed and delivered from time to time pursuant to the Lease Agreement and the Indenture and Security Agreement. The Lease and Indenture Supplement provides, *inter alia*, for the Lease Agreement and the Indenture and Security Agreement to apply to the 115 aluminum Rapid Discharge® II hopper railcars bearing the road numbers set forth in Schedule 1 to the Lease and Indenture Supplement, namely road numbers CRL 5001 through CRL 5115 inclusive.

The description of the equipment covered as of the date hereof by the aforesaid Lease Agreement, Indenture and Security Agreement and Lease and Indenture Supplement is as follows:

115 aluminum Rapid Discharge® II hopper railcars, each marked on the sides in letters not less than one inch in height with the words "Ownership subject to a security agreement filed with the Interstate Commerce Commission" and bearing road numbers CRL 5001 through CRL 5115 inclusive.

A fee of forty-eight dollars (\$48.00) is enclosed. Please time and date stamp the enclosed second original of each of the enclosed documents along with the extra copy of this letter as proof of filing and recordation of the enclosed documents and return those stamped originals and any extra originals of such documents and this letter not needed by the Commission for recordation to

J. Michael Russell, Esquire
Reed Smith Shaw & McClay
2500 One Liberty Place
Philadelphia, Pennsylvania 19103

REED SMITH SHAW & McCLAY

Mr. Sidney L. Strickland, Jr.
February 5, 1992
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A short summary of each of the documents to appear in the index follows:

1) Lease Agreement:

Lease Agreement between Meridian Trust Company, as Lessor, 35 North Sixth Street, Reading, Pennsylvania 19601, and Union Pacific Railroad Company, as Lessee, Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018, dated as of February 5, 1992, covering up to 115 aluminum Rapid Discharge® II hopper railcars bearing the road numbers set forth in Schedule 1 to such Lease and Indenture Supplements as may be executed and delivered from time to time pursuant to such Lease Agreement.

2) Indenture and Security Agreement:

Indenture and Security Agreement between Meridian Trust Company, as Owner Trustee, 35 North Sixth Street, Reading, Pennsylvania 19601 and Wilmington Trust Company, as Indenture Trustee, Rodney Square North, Wilmington, Delaware 19890, dated as of February 5, 1992, securing the obligations of the Owner Trustee and Union Pacific Railroad Company relating to up to 115 aluminum Rapid Discharge® II hopper railcars bearing the road numbers set forth in Schedule 1 to such Lease and Indenture Supplements as may be executed and delivered from time to time pursuant to such Indenture and Security Agreement.

3) Lease and Indenture Supplement:

Lease and Indenture Supplement among Meridian Trust Company, as Lessor and Owner Trustee, 35 North Sixth Street, Reading, Pennsylvania 19601, Union Pacific Railroad Company, as Lessee, Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018, and Wilmington Trust Company, as Indenture Trustee, Rodney Square North, Wilmington, Delaware 19890, dated as of February 5, 1992, covering the 115 aluminum Rapid Discharge® II hopper railcars bearing the road numbers set forth in

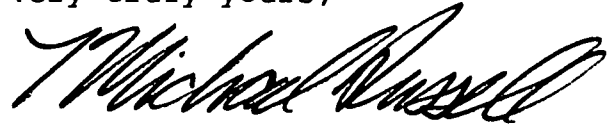
REED SMITH SHAW & McCLAY

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Schedule 1 to such Lease and Indenture Supplement, namely road numbers CRL 5001 through CRL 5115 inclusive. The Lease and Indenture Supplement is related to the Lease Agreement between the Lessor and the Lessee, dated as of February 5, 1992, and to the Indenture and Security Agreement between the Owner Trustee and the Indenture Trustee, dated as of February 5, 1992, each of which is filed concurrently therewith.

If you have any questions or need further information, please do not hesitate to contact Carl E. Esser, Esquire (215-851-8181) or me (215-851-8142).

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Michael Russell". The signature is fluid and cursive, with a large initial "J" and "M".

J. Michael Russell

enclosures

Interstate Commerce Commission
Washington, D.C. 20423

2/5/92

OFFICE OF THE SECRETARY

J. Michael Russell

Reed Smith Shaw & McClay

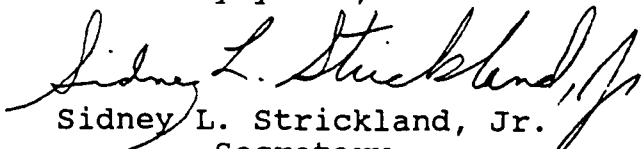
2500 One Liberty Place

Philadelphia, PA. 19103-7301

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/5/92 at 11:25am, and assigned recordation number(s). 17696, 17696-A & 17696-B

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

17696

FEB 5 1992 -11 22 AM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

DATED AS OF FEBRUARY 5, 1992
BY AND BETWEEN

MERIDIAN TRUST COMPANY
NOT IN ITS INDIVIDUAL CAPACITY
BUT SOLELY AS OWNER TRUSTEE
AS THE LESSOR

AND

UNION PACIFIC RAILROAD COMPANY
AS THE LESSEE

CERTAIN RIGHTS, TITLE AND INTEREST IN AND TO THIS LEASE AGREEMENT AND TO THE RAILCARS COVERED HEREBY ON THE PART OF MERIDIAN TRUST COMPANY, AS OWNER TRUSTEE, HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF WILMINGTON TRUST COMPANY, AS INDENTURE TRUSTEE, UNDER AN INDENTURE AND SECURITY AGREEMENT DATED AS OF FEBRUARY 5, 1992. TO THE EXTENT, IF ANY, THAT THIS LEASE AGREEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY WILMINGTON TRUST COMPANY, AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

FILED WITH THE INTERSTATE COMMERCE COMMISSION
PURSUANT TO 49 U.S.C. § 11303 AND
DEPOSITED IN THE OFFICE OF THE
REGISTRAR GENERAL OF CANADA PURSUANT TO
SECTION 90 OF THE RAILWAY ACT OF CANADA

LEVERAGED LEASE OF ALUMINUM
RAPID DISCHARGE® II HOPPER RAILCARS

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Schedule 1 - Interim Rent and
Basic Rent percentages

Schedule 2 - Termination Value percentages

Schedule 3 - Stipulated Loss Value percentages

Schedule 4 - Early Buy-Out Price percentages

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") dated as of February 5, 1992, by and between MERIDIAN TRUST COMPANY, a trust company organized under the laws of Pennsylvania, not in its individual capacity but solely as the Owner Trustee pursuant to the Trust Agreement (as hereinafter defined) (in such capacity as the Owner Trustee and together with any separate or successor trustee or co-trustee under the Trust Agreement, the "Lessor"), and UNION PACIFIC RAILROAD COMPANY, a Utah corporation (the "Lessee");

W I T N E S S E T H T H A T

WHEREAS, concurrently with the execution of this Lease, BNY Leasing Corporation, a New York corporation (the "Owner Participant") and the Lessor are entering into an Owner Trust Agreement dated as of even date herewith (the "Trust Agreement") creating a trust and authorizing the Lessor to act for the Owner Participant in connection with the transactions contemplated hereby and thereby; and

WHEREAS, the Lessor contemplates purchasing from the Freight Car Division of Trinity Industries, Inc., a Delaware corporation (together with its successors and permitted assigns, the "Seller") certain aluminum Rapid Discharge® II hopper railcars described in the statement of specifications attached to the Participation Agreement (as hereinafter defined) as Schedule 3 (the "Railcars"); and

WHEREAS, the Lessee desires to lease such Railcars from the Lessor, and the Lessor desires to lease such Railcars to the Lessee, all in accordance with this Lease and one or more Lease and Indenture Supplements in the form attached to the Participation Agreement as Exhibit E (each being a "Lease and Indenture Supplement") and commencing on the Funding Date (as hereinafter defined);

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Lessor and the Lessee agree as follows:

Section 1. Definitions; Rules of Interpretation.

(a) Terms Defined. The following terms shall have the meanings assigned thereto in the recitals of this Lease: "Lease and Indenture Supplement," "Lease," "Lessee," "Lessor," "Owner Participant," "Railcars," "Seller" and "Trust Agreement." In addition to other

words and terms defined elsewhere in this Lease, as used herein the following words and terms shall have the following meanings, respectively, unless the context hereof otherwise clearly requires:

"Affiliate" of any specified Person shall mean any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have the correlative meanings.

"After-Tax Basis" shall have the meaning assigned to that term in the Participation Agreement.

"Applicable Law" shall mean all applicable laws, treaties, judgments, decrees, injunctions, writs, orders, directives, rules, regulations, licenses and permits of any Official Body (in each case whether they are foreign or domestic), in each case as the same may be in effect from time to time.

"Appraisal Procedure" shall mean the procedure specified in the succeeding sentences for determining an amount or value. If either the Lessor or the Lessee shall give notice to the other, in accordance with the Operative Documents, requesting determination of such amount or value by appraisal, the Lessor shall request the Owner Participant to consult with the Lessee for the purpose of appointing a mutually acceptable qualified Independent Appraiser. If the Lessee and the Owner Participant shall be unable to agree on an appraiser within 20 days after the giving of such notice by the Lessor or the Lessee to the other (for purposes of this definition, the "Appraisal Request Date"), such amount or value shall be determined by a panel of three Independent Appraisers, one of whom shall be selected by the Lessee, another of whom shall be selected by the Owner Participant and the third of whom shall be selected by such other two Appraisers or, if such Appraisers shall be unable to agree upon a third Appraiser within 10 days of the selection date of the second of such two Appraisers, by the American Arbitration Association; provided, however, that if the Lessee or the Owner Participant shall not select its Appraiser within 35 days after the Appraisal Request Date, such amount or value shall be determined solely by the Appraiser selected by the other party. The Appraiser or Appraisers appointed pursuant to the foregoing procedure shall be instructed to determine such amount or value within 45 days after the

final appointment of any Appraiser pursuant hereto (but in no event may such determination be made more than 110 days following the Appraisal Request Date), and such determination shall be final and binding upon the parties. If three Appraisers shall be appointed, (a) if the median of the determinations of the Appraisers shall equal the arithmetic mean of such determinations, such mean shall constitute the determination of the Appraisers, otherwise (b) the determination of the Appraiser that shall differ the most from those of the other two Appraisers shall be excluded and the arithmetic mean of the remaining two determinations shall constitute the determination of the Appraisers. Except as otherwise provided herein, in connection with any Appraisal Procedure, each party shall bear its own respective fees and expenses with respect to such Appraisal Procedure and the Lessor and the Lessee shall each pay one-half of the fees and expenses of the Appraisers participating in such Appraisal Procedure.

"Appraiser" shall mean any Independent appraiser of recognized standing engaged in the business of appraising property similar to the Railcars.

"Authorized Person" shall mean (i) with respect to the Lessor, any Person authorized by or pursuant to the organizational documents, the bylaws and/or any Board Resolution (as defined in the Participation Agreement) of Meridian Trust (whether general or specific) to execute, deliver and take all other actions on behalf of the Lessor with respect to any of the Operative Documents and (ii) with respect to any other entity, any Person authorized by or pursuant to the charter documents, the bylaws and/or any Board Resolution (in the case of a corporation), partnership agreement (in the case of a partnership), or trust agreement (in the case of a trust) to execute, deliver and take all other actions on behalf of such entity with respect to any of the Operative Documents.

"Average Rent" with respect to a Railcar shall mean the arithmetic mean of the Basic Rent paid for each year during the Basic Term.

"Bankruptcy Code" shall mean the Bankruptcy Code of 1978, 11 U.S.C. §§ 101 et seq. and any successor statute of similar import. References to sections of the Bankruptcy Code shall be construed also to refer to any successor sections.

"Basic Rent" shall mean the rent payable throughout the Lease Term pursuant to, and computed in accordance with, Section 3(b) hereof.

"Basic Term" shall have the meaning assigned to such term in Section 2(b) hereof.

"Basic Term Commencement Date" shall mean August 4, 1992.

"Bill of Sale" shall mean the warranty bill of sale from the Seller to the Lessor as more particularly described in the Participation Agreement.

"Business Day" shall mean any day other than a Saturday or Sunday or other day on which banks in Philadelphia, Pennsylvania and/or New York, New York are authorized or obligated to remain closed.

"Class I Railroad" shall have the meaning assigned to such term in 49 C.F.R. Part 1201.

"Coupon Rate" at any time shall mean the interest rate accruing on the Notes at such time.

"Determination Date" shall have the meaning assigned to that term in Section 12(b) hereof.

"Dollar," "Dollars" and the symbol "\$" shall mean lawful money of the United States of America.

"Early Buy-Out" shall mean a purchase of Railcars by the Lessee on the Early Buy-Out Date at the Early Buy-Out Price pursuant to Section 4(b) hereof.

"Early Buy-Out Date" shall mean the date 16 years after the Basic Term Commencement Date.

"Early Buy-Out Price" for a Railcar shall mean an amount equal to the product of the Lessor's Cost for such Railcar multiplied by the Early Buy-Out Price percentage set forth in Schedule 4 hereto.

"End of Lease Options" shall mean the Lessee's options (i) to renew this Lease for the Fixed Rate Renewal Term or, following a Fixed Rate Renewal, for the Fair Market Renewal Term in accordance with Section 4(a) hereof or (ii) to purchase Railcars on the Early Buy-Out Date or at the end of the Basic Term, a Fixed Rate Renewal Term or a Fair Market Renewal Term in accordance with Section 4(b) hereof.

"Event of Lease Default" shall have the meaning assigned to that term in Section 15 hereof.

"Event of Loss" shall have the meaning assigned to that term in Section 12(a) hereof.

"Excepted Property" shall have the meaning assigned to that term in the granting clauses of the Indenture.

"Fair Market Renewal" shall have the meaning assigned to that term in clause (iv) of Section 4(a) hereof.

"Fair Market Renewal Term" shall have the meaning assigned to that term in clause (iv)(A) of Section 4(a) hereof.

"Fair Market Renewal Term Commencement Date" shall have the meaning assigned to that term in Section 4(a) hereof.

"Fair Market Rent" for any Railcar shall mean, for any period, the rent for such Railcar (excluding any Severable Improvements title to which has vested in the Lessee) for such period that would be obtained for a lease of such Railcar in an arm's-length transaction between an informed and willing owner and an informed and willing lessee, each under no compulsion to lease, which determination shall be made (i) without deduction for any costs of removal of such Railcar from the location of current use and disregarding the purchase and renewal options found in this Lease, and (ii) on the assumption that such Railcar is (a) free and clear of all liens and is in the condition and repair in which it is required to be returned pursuant to Sections 4 and 7 hereof (other than the last sentence of Section 7(a) hereof) (but otherwise on an "as is" basis) and (b) interchangeable under the rules of the Association of American Railroads and Applicable Law, except that for purposes of any appraisal under Section 16 hereof, clauses (i) and (ii) shall not apply and the determination shall be made solely on an "as is," "where is" basis.

"Fair Market Sale Value" for any Railcar or other property shall mean the sale value of such Railcar or other property (excluding any Severable Improvements title to which has vested in the Lessee) that would be obtained in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, which determination shall be made (i) without deduction for any costs of removal of such Railcar or other property from the location of current use and disregarding the purchase and renewal options found in this Lease, and (ii) on the assumption that (a) such Railcar or other property is free and clear of all liens and is in the condition and repair in which it is required to be returned pursuant to Sections 4 and 7 hereof (other than the last sentence of

Section 7(a) hereof) (but otherwise on an "as is" basis) and (b) such Railcar is interchangeable under the rules of the Association of American Railroads and Applicable Law, except that for purposes of any appraisal under Section 16 hereof, clauses (i) and (ii) shall not apply and the determination shall be made solely on an "as is," "where is" basis.

"Fixed Rate Renewal" shall have the meaning assigned to that term in clause (iii) of Section 4(a) hereof.

"Fixed Rate Renewal Term" shall have the meaning assigned to that term in clause (iii)(A) of Section 4(a) hereof.

"Fixed Rate Renewal Term Commencement Date" shall have the meaning assigned to that term in Section 4(a) hereof.

"Funding" with respect to any Railcar shall mean the delivery of such Railcar to and acceptance thereof by or on behalf of the Lessor from the Seller and the delivery of such Railcar by the Lessor to and acceptance thereof by the Lessee, as evidenced in part by the Lease and Indenture Supplement delivered in connection therewith as provided in Article 2 of the Participation Agreement and Section 2 hereof.

"Funding Date" shall mean the date, which shall be a Business Day, on which the Funding occurs, including the date to which the Funding is postponed in accordance with Article 5 of the Participation Agreement.

"Holder" shall mean the Person in whose name any Note is registered on the Note Register (as such term is defined in the Indenture).

"ICC" shall mean the Interstate Commerce Commission and any agency or instrumentality of the United States government succeeding to its functions.

"Improvement" shall mean an improvement, structural change, modification or addition to any Railcar made after the Funding Date.

"Indenture" shall mean that certain Indenture and Security Agreement dated as of even date herewith by and between the Lessor and the Indenture Trustee and in substantially the form set forth in Exhibit D to the Participation Agreement.

"Indenture Estate" shall have the meaning assigned to that term in the recitals of the Indenture.

"Indenture Trustee" shall mean Wilmington Trust Company, a Delaware banking corporation, together with any separate or successor trustee or co-trustee under the Indenture.

"Independent" shall mean, when used with respect to any specified Person, such a Person who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in Meridian Trust, the Lessor, the Owner Participant, the Loan Participant or the Lessee or in any Affiliate of any of them and (iii) is not connected with the Loan Participant, the Owner Participant, the Lessor or the Lessee or any such Affiliate as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions. Whenever it is provided that any Independent Person's opinion or certificate shall be furnished to the Indenture Trustee, such Person shall be appointed by the Lessee and approved by the Indenture Trustee in the exercise of reasonable care, and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning thereof.

"Interim Rent" shall have the meaning assigned to that term in Section 3(a) hereof.

"Interim Term" shall have the meaning assigned to that term in Section 2(b) hereof.

"Lease Term" shall mean the Interim Term plus the Basic Term and any Renewal Terms actually entered hereunder.

"Lessor's Cost" for each Railcar shall be the amount specified in the Lease and Indenture Supplement executed on the Funding Date but in no event more than \$59,304.

"Lien" shall mean any mortgage, deed of trust, pledge, lien, security interest, charge or other encumbrance or security arrangement of any nature whatsoever, including but not limited to any conditional sale or title retention arrangement, and any assignment, deposit arrangement or lease intended as security.

"Loan Participant" shall have the meaning assigned to that term in the Participation Agreement.

"Meridian Trust" shall mean Meridian Trust Company, a trust company organized under the laws of Pennsylvania, in its individual capacity or, with respect to any separate or successor trustee or co-trustee under the

Trust Agreement, such separate or successor trustee or co-trustee in its individual capacity.

"Net Economic Return" shall mean the Owner Participant's anticipated nominal after-tax yield using the multiple investment sinking fund method of analysis and the Owner Participant's aggregate after-tax cash flow computed using the same methodology and assumptions as were utilized by the Owner Participant in determining the Basic Rent percentages and Early Buy-Out Price percentages set forth in Schedules 1 and 4, respectively, hereto.

"Nonseverable Improvement" shall mean, at any time, an Improvement that shall not be "readily removable from a Railcar without causing material damage to such Unit" within the meaning of Revenue Procedure 75-21 promulgated by the Internal Revenue Service or other similar Applicable Law then in effect or any Improvement required by Applicable Law.

"Notes" shall mean the Notes issued under the Indenture, as more particularly described in the Indenture.

"Officer's Certificate" shall mean, with respect to any Person, a certificate signed by the Chairman of the Board, the President, a Vice President or a Responsible Officer of such Person or any Authorized Person of such Person.

"Official Body" shall mean any government or political subdivision or any agency, authority, bureau, central bank, commission, department or instrumentality of either, or any court, tribunal, grand jury or arbitrator, in each case whether foreign or domestic, including without limitation, the United States Department of Transportation, the Federal Railroad Administration and the ICC.

"Operative Documents" shall mean the Participation Agreement, the Purchase Agreement Assignment (as defined in the Participation Agreement), the Trust Agreement, the Indenture, the Notes, this Lease, each Lease and Indenture Supplement, the Bill of Sale, the Tax Indemnification Agreement, the Guaranty (as defined in the Participation Agreement) and any Parental Guaranty (as defined in the Participation Agreement).

"Outstanding" shall have the meaning assigned to that term in the Indenture.

"Overdue Rate" shall mean with respect to (i) any amount required to be paid to a Holder of a Series A Note

(as defined in the Indenture), a rate per annum equal to 10.33%, computed on the basis of a 360-day year and 30-day months, (ii) any amount required to be paid to a Holder of an Additional Note (as defined in the Indenture), a rate per annum equal to two percent over the interest rate payable with respect to such Additional Note and (iii) any amount constituting Excepted Property or otherwise payable to the Lessor or the Owner Participant, a rate per annum equal to 1.5% over the interest rate per annum announced from time to time by The Bank of New York, a New York banking corporation, as its prime rate, computed on the basis of a year of 360 days and actual days elapsed, but in no event shall the Overdue Rate exceed the maximum rate of interest permitted by any Applicable Law.

"Owner Encumbrances" shall mean any Liens against the Railcars or any part of the Indenture Estate or the Trust Estate that result from acts of, or any failure to act by, or as a result of claims (including any taxes) against, the Lessor or the Owner Participant arising out of any event or condition unrelated to (i) the ownership of a Railcar, (ii) the administration of the Trust Estate or (iii) the transactions contemplated by the Operative Documents, excluding Liens arising from any tax for which the Lessee is obligated to indemnify under the Tax Indemnification Agreement or the Participation Agreement, other than any such tax for which the Lessee has already made full indemnification pursuant thereto.

"Participants" shall mean, collectively, the Loan Participant and the Owner Participant.

"Participation Agreement" shall mean that certain Participation Agreement dated as of even date herewith by and among the Lessee, the Owner Participant, the Lessor, the Loan Participant and the Indenture Trustee.

"Payment Date" shall mean August 4, 1992 and thereafter each February 4 and August 4 occurring during the Basic Term or any Renewal Term.

"Permitted Encumbrances" shall mean (a) the rights of the Indenture Trustee under the Indenture, (b) the rights of the Lessee under this Lease, including, without limitation, subleases of and interchange agreements involving any Railcar in accordance with the terms of this Lease, (c) the rights of the Lessor and the Owner Participant under the Trust Agreement, which rights are subject to the Liens created by the Indenture, (d) Liens for taxes either not yet due or being contested by the Lessee in good faith by appropriate proceedings, diligently prosecuted or appealed and which do not involve a non-*de minimis* risk of a sale, forfeiture or loss of a

Railcar and with respect to which the Lessee has established adequate reserves as required by generally accepted accounting principles and (e) undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or employees' Liens or other like Liens arising in the ordinary course of business and security obligations which are not delinquent or which shall have been bonded or the enforcement of which shall have been suspended and which do not involve a non-*de minimis* risk of sale, forfeiture or loss of a Railcar and which are being contested by the Lessee in good faith by appropriate proceedings diligently prosecuted or appealed.

"Permitted Investments" shall have the meaning assigned to that term in the Indenture.

"Person" shall mean an individual, corporation, partnership, trust, association, unincorporated organization, joint venture, joint-stock company, government or any agency or political subdivision thereof, or any other entity.

"Potential Lease Default" shall mean any event or condition which, with the giving of notice, the passage of time or both, would constitute an Event of Lease Default.

"Premium" shall have the meaning assigned to that term in the Indenture.

"Qualified Number" of Railcars shall mean a number of Railcars with respect to the exercise of an End of Lease Option such that either of the following will result: either (a) the Lessee purchases or renews this Lease with respect to all of the Railcars which were, immediately prior to the exercise of such End of Lease Option, subject to this Lease or (b) both (i) the number of Railcars which are being returned to the Lessor is either equal to zero or equal to 40 or more and (ii) in the case of a renewal of this Lease, the number of Railcars with respect to which the Lessee is renewing this Lease is 40 or more.

"Renewal Purchase Option" shall mean the Lessee's option to purchase Railcars at the end of a Fixed Rate Renewal or a Fair Market Renewal in accordance with Section 4(b) hereof.

"Renewal Term" shall mean the period of any extension of the Basic Term (or a prior Renewal Term) as provided in Section 4(a) hereof.

"Renewal Term Commencement Date" shall mean the Fixed Rate Renewal Term Commencement Date or the Fair Market Renewal Term Commencement Date, as the case may be.

"Rent" shall mean, collectively, Interim Rent, Basic Rent and Supplemental Rent.

"Replacement Railcar" shall mean an aluminum hopper railcar which, pursuant to Section 12(e) hereof, is being used to replace a Railcar with respect to which an Event of Loss has occurred.

"Responsible Officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Document, the President, any Vice President, Assistant Vice President, Treasurer, Assistant Treasurer or other officer who in the normal performance of his or her operational responsibility would have knowledge of such matter and the requirements with respect thereto.

"Scheduled Debt Payments" shall mean all regularly scheduled principal and interest payments on the Notes as set forth on Schedule 1 to the Indenture, as such payments may be adjusted in accordance with Sections 3(e), 3(f) and 3(g) hereof.

"Severable Improvement" shall mean any Improvement other than a Nonseverable Improvement.

"Stipulated Loss Value" with respect to any Railcar as of any Determination Date shall mean an amount equal to the product of the Lessor's Cost for such Railcar multiplied by the Stipulated Loss Value percentage set forth opposite such Determination Date in Schedule 3 hereto (which amount takes into account Basic Rent which has been paid in advance or which has accrued to the Determination Date); provided, however, that, notwithstanding any provision of this Lease (including the adjustments to be made pursuant to Section 3 hereof), any payment of Stipulated Loss Value as of any Determination Date shall be in an amount sufficient that such payment, plus the amount of Rent, if any, with respect to such Railcar payable on such Determination Date, shall in no event be less than the amount needed to pay a pro rata portion of the aggregate unpaid principal amount of the Notes Outstanding on such Determination Date, together with interest thereon accrued to such Determination Date.

"Supplemental Rent" shall mean any and all amounts, liabilities and obligations (other than Interim Rent and Basic Rent) that the Lessee assumes or agrees to pay under this Lease or any other Operative Document or any

certificate or instrument delivered in connection herewith or therewith, whether to the Lessor, to the Owner Participant or to others, including amounts payable as indemnity payments, payments of Stipulated Loss Value and Termination Value under this Lease and all amounts payable by the Lessee pursuant to Section 3(c) hereof.

"Tax Indemnification Agreement" shall mean that certain Tax Indemnification Agreement dated as of even date herewith by and between the Lessee and the Owner Participant.

"Tax Law Amendment" shall mean any amendment to the Code (as defined in the Participation Agreement), enacted and effective on or prior to December 31, 1992, which provides to the Owner Participant credits, deductions or allowances with respect to the Railcars in excess of, or in addition to, the credits, deductions and allowances assumed by the Owner Participant in computing its original Net Economic Return from this transaction.

"Termination Value" with respect to any Railcar as of any Termination Date shall mean an amount equal to the product of the Lessor's Cost for such Railcar multiplied by the Termination Value percentage set forth opposite such Termination Date in Schedule 2 hereto (which amount takes into account Basic Rent which has been paid in advance or which has accrued to the Termination Date); provided, however, that, notwithstanding any provision of this Lease (including the adjustments to be made pursuant to Section 3 hereof), any payment of Termination Value as of any Termination Date shall be in an amount sufficient that such payment, plus the amount of Rent, if any, with respect to such Railcar payable on such Termination Date, shall in no event be less than the amount needed to pay a *pro rata* portion of the aggregate unpaid principal amount of the Notes Outstanding on such Termination Date, together with interest thereon accrued to such Termination Date.

"Trust Estate" shall mean all estate, right, title and interest of the Lessor in and to the Railcars and the Operative Documents to which it is a party (other than the Trust Agreement) or in which it otherwise has an interest, including (i) all amounts payable to the Lessor under such Operative Documents and (ii) any and all payments or proceeds received by the Lessor after the termination of this Lease with respect to all or any part of the Railcars as the result of the sale, lease or other disposition thereof, but excluding in all cases Excepted Property and Excepted Rights (as defined in the granting clauses of the Indenture).

"Verifying Accountant" shall mean (i) a nationally recognized, "Big Six" accounting firm selected by the Lessee and reasonably acceptable to the Owner Participant (it being understood that the fact that an accounting firm provides or has provided accounting services to the Lessee does not, by itself, disqualify such accounting firm) or (ii) another Person selected by the Lessee and reasonably acceptable to the Owner Participant.

(b) Rules of Interpretation. The following rules of interpretation shall apply to this Lease and any certificates, reports or other documents or instruments made or delivered pursuant to or in connection herewith, unless otherwise expressly provided herein or therein and unless the context hereof or thereof otherwise clearly requires: A reference to any document or agreement shall include such document or agreement as amended, modified or supplemented from time to time in accordance with its terms, and if a term is said to have the meaning assigned to such term in another document or agreement and the meaning of such term therein is amended, modified or supplemented, then the meaning of such term herein shall be deemed automatically amended, modified or supplemented in a like manner. References to the plural include the singular, the singular the plural and the part the whole. The words "include," "includes" and "including" are not limiting. A reference to any law includes any amendment or modification to such law which is in effect on the relevant date. A reference to any Person includes its successors and permitted assigns. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Lease or any certificate, report or other document or instrument made or delivered pursuant to or in connection herewith, such determination or computation shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the express requirements hereof or of such certificate, report, document or instrument. The words "hereof," "herein," "hereunder" and similar terms in this Lease refer to this Lease as a whole and not to any particular provision of this Lease.

Section 2. Purchase and Lease; Term.

(a) Purchase and Lease. Effective on the Funding Date, if the conditions set forth in Article 4 of the Participation Agreement have been satisfied, (i) the Lessor shall, acting through its representative identified in clause (ii) below, purchase from the Seller the

Railcars described in the Bill of Sale delivered to the Lessor on the Funding Date and shall accept delivery and title to and care, custody and control of such Railcars, (ii) the Lessor agrees to cause the representative appointed by it pursuant to Section 4.01(w)(i) of the Participation Agreement to deliver such Railcars to the Lessee on the Funding Date under and for the purposes of this Lease, and the Lessee agrees that acceptance of such Railcars by the individual designated for such purpose pursuant to Section 4.01(w)(ii) of the Participation Agreement shall, without further act, constitute irrevocable acceptance of such Railcars by the Lessee for all purposes of this Lease, (iii) the Lessor agrees to lease such Railcars to the Lessee, and the Lessee agrees to lease such Railcars from the Lessor, under this Lease for the Rent and Lease Term hereinafter described and upon the terms and conditions herein set forth and (iv) the Lessor and the Lessee shall conclusively evidence that such Railcars have been made subject to this Lease by executing and delivering the Lease and Indenture Supplement covering the Railcars so purchased and leased on the Funding Date.

(b) Lease Term. The interim term for the Railcars delivered on the Funding Date shall commence on the Funding Date and shall continue through and including the day immediately preceding the Basic Term Commencement Date (such period being hereinafter called the "Interim Term"). The Basic Term for Railcars subject to the Lease and Indenture Supplement executed hereunder shall commence on the Basic Term Commencement Date and shall continue until 11:59 p.m. (New York City time) on the day immediately preceding the eighteenth anniversary of the Basic Term Commencement Date (the "Basic Term").

Section 3. Rent.

(a) Interim Rent. The Lessee hereby agrees to pay to the Lessor interim rent (the "Interim Rent") on the first Payment Date in an amount for each Railcar equal to the product of the Lessor's Cost for such Railcar multiplied by the Basic Rent percentage set forth opposite such Payment Date in the "arrears" column in Schedule 1 hereto, provided, however, that, notwithstanding any provision of this Lease (including the adjustments to be made pursuant to Section 3 hereof), the payment of Interim Rent on the Basic Term Commencement Date shall be in an amount sufficient that such payment shall in no event be less than the amount of interest actually due and payable on the Notes on the Basic Term Commencement Date.

(b) Basic Rent. Subject to any adjustments or offsets required by Sections 3(e) and (f) hereof, by

Section 2.01 of the Participation Agreement or by the immediately following sentence, the Lessee hereby agrees to pay to the Lessor (i) on each Payment Date occurring during the Basic Term, Basic Rent for each Railcar in an amount equal to the product of the Lessor's Cost for such Railcar multiplied by the Basic Rent percentage set forth opposite such Payment Date in Schedule 1 hereto (but, in the case of the payment on the first Payment Date, without duplicating the payment of Interim Rent), (ii) for any Renewal Term pursuant to Section 4(a) hereof, Basic Rent, payable on such dates and in such amounts as provided in such Section 4(a), and (iii) for any extension of the Lease Term contemplated by Section 4(e) hereof, Basic Rent, payable on the date such Railcars shall be delivered by the Lessee to the Lessor pursuant to Section 4(c) hereof, in an amount provided for in Section 4(e) hereof. Notwithstanding any other provisions of this Section 3 (including any adjustments made pursuant to Sections 3(e) and 3(f) hereof), on each Payment Date the Lessee shall pay as Basic Rent (without any deductions or offsets) to the Indenture Trustee for the account of the Lessor an amount at least sufficient to pay in full any payment then required to be made on account of principal of, and interest on, the Notes then Outstanding (other than by reason of acceleration of maturity thereof). It is understood that all payments (other than Excepted Property) to be made by the Lessee under this Lease will become subject to the Lien of the Indenture and to all the rights of the Indenture Trustee thereunder.

(c) Supplemental Rent. In addition to paying Interim Rent and Basic Rent as provided herein, the Lessee shall pay to the Lessor or such other Person as shall be entitled thereto any and all Supplemental Rent (whether provided for herein or in any other Operative Document) as and when the same shall become due and payable, including the following:

(i) to the extent permitted by Applicable Law, interest at a rate per annum equal to the Overdue Rate on any part of any Rent not paid when due (or received by the Indenture Trustee too late on any day when due to permit distribution by the Indenture Trustee to the Holders on such date pursuant to Section 10.07 of the Indenture) for the period from and including the day due and to but excluding the day paid;

(ii) an amount equal to the Premium, if any, payable with respect to the Notes and any other amount payable by the Lessor on the Notes in excess of Scheduled Debt Payments (including any amounts payable pursuant to Section 12.09 of the Indenture

as a result of any scheduled date for payment not being a Business Day), as and when such Premium or other amount shall be due and payable, in accordance with the terms of the Notes and the Indenture;

(iii) interest payable pursuant to Section 5.01(b) of the Participation Agreement to the extent not paid from funds then on deposit with the Lessor; and

(iv) fees and expenses of the Lessor and the Indenture Trustee and amounts due pursuant to Section 7.09 of the Indenture.

(d) Manner of Payment; Unconditional Payment. All Rent payable by the Lessee to the Lessor hereunder (other than Excepted Property) shall be paid to the Lessor at its principal office at 35 North Sixth Street, Reading, Pennsylvania 19601, or to such other address as the Lessor shall specify in a notice to the Lessee, in Dollars in immediately available funds, so that the Lessor receives the full amount of each payment not later than 12:00 noon (New York City time) on the due date thereof, except that so long as the Indenture shall not have terminated pursuant to its terms, all Rent payable to the Lessor (other than Excepted Property) shall be paid to the Indenture Trustee, in the manner provided above, at its principal office at One Rodney Square, Wilmington, Delaware 19890, or as the Indenture Trustee may otherwise direct by a notice delivered to the Lessee prior to the date of payment, provided, however, that if any payment hereunder is required to be made on a day other than a Business Day, the date of payment shall be extended to the next Business Day. This is a net lease, and the Lessee's obligation to pay Rent payable hereunder and under any Lease and Indenture Supplement and the right of the Lessor and any permitted assignee of the Lessor in and to such payments shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character, including

(i) any setoff, counterclaim, recoupment, offset, defense or other right which the Lessee may have against the Lessor, the Indenture Trustee, any Participant or any other Person for any reason whatsoever, including any default by the Lessor or any party to the Participation Agreement or any agreement referred to therein in their respective obligations hereunder or thereunder;

(ii) any unavailability of any Railcar, after its delivery and acceptance by the Lessee hereunder, for any reason, including, any lack of or invalidity

of title or any other defect in the title, condition, design, operation, merchantability or fitness for use of such Railcar;

(iii) any loss or destruction of, or damage to, such Railcar or interruption or cessation in the use or possession thereof by the Lessee for any reason whatsoever and of whatever duration;

(iv) any insolvency, bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding by or against the Lessee, the Lessor, the Indenture Trustee or any other Person;

(v) the requisitioning, seizure or other taking of title to or use of such Railcar by any government or governmental authority or otherwise, whether or not by reason of any act or omission of the Lessor, the Lessee or the Indenture Trustee, or any other deprivation or limitation of use of such Railcar in any respect or for any length of time, whether or not resulting from accident and whether or not without fault on the part of the Lessee;

(vi) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, the Participation Agreement or any other Operative Document;

(vii) the lack of right, power or authority of the Lessor or any other Person to enter into this Lease, the Participation Agreement or any other Operative Document;

(viii) any ineligibility of such Railcar for any particular use, whether due to any failure of the Lessor, the Lessee or any other Person to comply with any Applicable Law or otherwise;

(ix) any event of force majeure or any frustration of purpose;

(x) any legal requirement;

(xi) any Liens or rights of others with respect to any Railcar;

(xii) any right conferred by Applicable Law to a rebate of Rent; or

(xiii) any other cause, circumstance or happening, whether similar or dissimilar to the

foregoing, any present or future law to the contrary notwithstanding to the extent permitted by Applicable Law.

The Lessee hereby waives, to the extent permitted by Applicable Law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease except in accordance with the express terms hereof, it being the intention of the parties that all payments due and to become due hereunder are, and shall continue to be, payable in all events unless the obligation to pay the same is expressly terminated pursuant hereto. Except to the extent that any payment is made in excess of the amount required to be made hereunder, each payment of Rent made by the Lessee shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Indenture Trustee, any Holder of a Note, the Lessor or any Participant for any reason whatsoever, absent manifest error, provided, however, that the Lessee shall be entitled to recover from the Person to whom such payment was made or distributed all or any part of Supplemental Rent which a court finally determines that such Person was not entitled to receive. Furthermore, nothing in this Section 3 or in Section 5 hereof shall be construed as (x) a warranty by the Lessee of (i) the value of the Lessor's or Owner Participant's interest upon termination of the Basic Term or any Renewal Term or (ii) the useful life of the Railcars, or (y) a prohibition of or restriction against an assertion of any claim or cause of action by the Lessee with respect to the Lessor, the Indenture Trustee, any Participant or any other Person in an independent action.

(e) Adjustments for Certain Indemnities. In the event that any loss of Income Tax Benefits (as defined in the Tax Indemnification Agreement) occurs for which the Lessee is required to indemnify the Lessor or the Owner Participant under the Tax Indemnification Agreement, or in the event that the Lessee is required to indemnify the Lessor or the Owner Participant pursuant to Section 15.01 of the Participation Agreement and in either such case such indemnity payment is not made in a lump sum, the Basic Rent percentages shall be adjusted by the Owner Participant, in accordance with Section 3(g) hereof, to maintain the Net Economic Return (and to the extent consistent therewith, the calculation method used by the Owner Participant shall minimize the net present value (computed utilizing a discount rate specified by the Lessee (for purposes of this Section 3, the "Discount Rate"))) of Basic Rent payments); provided, however, that no such adjustment shall (i) extend the final maturity date of the Notes, (ii) change the principal amount of the

Notes Outstanding at such time, (iii) increase or decrease the originally scheduled weighted average life of the Notes by more than six months, or (iv) reduce the Basic Rent percentages below the amount necessary to pay Scheduled Debt Payments on the Notes or to permit repayment of the Notes as they become due.

(f) Other Adjustments. As soon as reasonably practicable, but no later than the Basic Term Commencement Date, as provided in Section 2.01 of the Participation Agreement, or, in the case of an adjustment described in clause (vi) below, no later than March 31, 1993, the Interim Rent and Basic Rent percentages, the Termination Value percentages, the Stipulated Loss Value percentages and the Early Buy-Out Price percentages set forth in Schedules 1, 2, 3 and 4, respectively, hereto shall be adjusted upward or downward (or in the case of the Early Buy-Out Price percentages, upward only) if:

(i) the Funding Date is not February 5, 1992;

(ii) Transaction Costs are greater or less than 2.4923615% of the aggregate Lessor's Cost for the Railcars;

(iii) the initial Coupon Rate is not 8.33%;

(iv) the aggregate Lessor's Cost for all of the Railcars is not \$6,324,314.60;

(v) 115 Railcars are not delivered at the Funding; or

(vi) a Tax Law Amendment shall have occurred and the Lessee shall have complied with Section 16.14 of the Participation Agreement;

which adjustments, calculated for all periods from and after the Funding Date, shall be effective as of the Funding Date and shall be such as to (A) in the case of any adjustment described in clauses (i) through (v) above, maintain the Net Economic Return after giving effect to the changed factors taken into account in such adjustments and, to the extent consistent therewith, to minimize the net present value (computed utilizing a discount rate specified by the Lessee (for purposes of this Section 3, the "Discount Rate")) of Basic Rent payments, or (B) in the case of an adjustment described in clause (vi) above, share equally with the Lessee the net improvement to Net Economic Return resulting from a Tax Law Amendment by reducing the Basic Rent percentages for the remainder of the Basic Term and making other changes consistent

therewith; provided, however, that no such adjustment shall (i) extend the final maturity date of the Notes, (ii) change the principal amount of the Notes Outstanding at such time, (iii) increase or decrease the originally scheduled weighted average life of the Notes by more than six months, or (iv) reduce the Basic Rent percentages, Stipulated Loss Value percentages or Termination Value percentages below the amount necessary to pay Scheduled Debt Payments on the Notes or to permit repayment of the Notes as they become due. Such adjustments shall also be made if any refinancing occurs pursuant to Article 7 of the Participation Agreement, if the Notes shall have been redeemed in whole or in part pursuant to Section 4.01(d) of the Indenture or if the Lessee shall have agreed, pursuant to Section 4.01(s) of the Participation Agreement, to have such adjustments made.

(g) Determination of Adjustments. The Owner Participant shall initially compute any adjustment to be made pursuant to Section 3(e) or 3(f) hereof. The results of such computation by the Owner Participant shall promptly be delivered to the Lessee and, unless verification is required by the Lessee as provided below, shall be final, binding and conclusive upon the Lessee, the Owner Participant and the Lessor. Within 10 Business Days after receiving an adjustment computed by the Owner Participant, the Lessee may request that a Verifying Accountant verify, after consultation with the Owner Participant and the Lessee, the accuracy of such adjustment in accordance with Section 3(e) or 3(f) hereof, and the Owner Participant shall provide to the Verifying Accountant all information and materials as shall be reasonably necessary or desirable in connection therewith; provided, however, that the Owner Participant shall not be required to permit the Verifying Accountant to review the documents, programs or procedures used to calculate the Owner Participant's internal rate of return and, provided further, that prior to the selection of any Verifying Accountant hereunder, such Verifying Accountant shall (i) execute a confidentiality agreement with respect to the subject matter of its review, and (ii) agree to return to the Owner Participant any materials of the Owner Participant used by such Verifying Accountant in the course of such verification or the performance of any duties in accordance with this Lease. If the Verifying Accountant confirms that such adjustment is in accordance with Section 3(e) or 3(f) hereof, it shall so certify to the Lessee, and such certification shall be final, binding and conclusive on the Lessee, the Owner Participant and the Lessor. If the Verifying Accountant concludes that such recalculation or adjustment is not in accordance with Section 3(e) or 3(f) hereof, it shall so certify to the

Lessee and the Owner Participant, and the Owner Participant shall again compute the required adjustment. Such further adjustment shall again be subject to the provisions of this Section 3(g), until the Verifying Accountant shall certify to the Lessee that such adjustment is in accordance with Section 3(e) or 3(f) hereof. The final determination of any recalculation or adjustment hereunder shall be set forth in an amendment to this Lease, executed and delivered by the Lessor and the Lessee and consented to by the Owner Participant; provided, however, that neither the failure of the Lessor or the Lessee to execute and deliver such amendment nor the failure of the Owner Participant to consent to such amendment shall affect the validity and effectiveness of any such recalculation or adjustment. The reasonable fees of the Verifying Accountant in verifying an adjustment pursuant to this Section 3(g) shall be paid by the Lessee within 10 days after demand, provided, however, that the Owner Participant shall pay such fees, costs and expenses if the final determination differs from the Owner Participant's original adjustment such that (x) the net present value (calculated at a discount rate equal to the Discount Rate as defined in Section 3(e) or 3(f), as the case may be) of the Owner Participant's original determination of the adjusted Interim Rent and Basic Rent and Early Buy-Out Prices (as of the Early Buy-Out Date) differs by one-tenth of one percent (0.1%) or more from (y) the net present value (calculated at a discount rate equal to the Discount Rate as defined in Section 3(e) or 3(f), as the case may be) of the final determination of the adjusted Interim Rent and Basic Rent and Early Buy-Out Prices (as of the Early Buy-Out Date).

(h) Sufficiency of Rent. Notwithstanding any provision to the contrary contained in this Lease or in any other Operative Document, in all events the amounts payable by the Lessee under this Lease shall be at least sufficient to pay the amounts due on the Notes. The amount of each Interim Rent and Basic Rent payment payable hereunder shall be at least sufficient to pay, on each Payment Date, Scheduled Debt Payments, and, after taking into account any Basic Rent payable on such Date (during any period when Basic Rent is payable in arrears), the amount of Stipulated Loss Value or Termination Value payable hereunder, after giving effect to any adjustments of the percentages relating thereto provided for in this Lease, shall be at least sufficient to pay in full, as and when due in accordance with the terms thereof, the principal of and all accrued interest on the Notes from time to time Outstanding. In the event the Lessor is required to pay any Premium with respect to the Notes, an amount equal to such Premium payment shall be payable as Supplemental Rent, and the amount of each Supplemental

Rent payment payable hereunder shall, if there shall then be Premium or interest calculated at the Overdue Rate payable on or with respect to the Notes, in any event be at least sufficient to pay, in accordance with the Indenture, all such amounts of Premium and all interest calculated at the Overdue Rate then payable on or with respect to the Notes.

Section 4. End of Lease Options; Redelivery.

(a) Renewal Terms. Provided that no Event of Lease Default shall have occurred and then be continuing or shall then exist, the Lessee shall be entitled to renew this Lease pursuant to the following terms and conditions with respect to a Qualified Number of Railcars then being leased under this Lease (x) on the last day of the Basic Term for one Fixed Rate Renewal Term, commencing on the first day following the end of the Basic Term (the "Fixed Rate Renewal Term Commencement Date") and (y) on the last day of the Fixed Rate Renewal Term (if any), for one Fair Market Renewal Term, commencing on the first day following the end of the Fixed Rate Renewal Term (if any) (the "Fair Market Renewal Term Commencement Date"):

(i) Appraisal Determination. The Lessee may (A) by notice to the Lessor at any time at least 180 days (but not more than 365 days) prior to the Fixed Rate Renewal Term Commencement Date, request that determinations be made under subclause (iii)(C) of this Section 4(a), and (B) by notice to the Lessor at any time at least 180 days (but not more than 365 days) prior to the date which would be the Fair Market Renewal Term Commencement Date, request that a determination be made under subclause (iv)(C) of this Section 4(a). No such request pursuant to this clause (i) for a determination shall be deemed an election by the Lessee of a renewal pursuant to the provisions of this Section 4(a).

(ii) Notice. In the event that the Lessee elects to renew this Lease, the Lessee shall provide the Lessor and the Owner Participant with a notice electing such renewal at least 180 days (but not more than 365 days) prior to the Renewal Term Commencement Date on which such elected renewal is to take effect and specifying the Qualified Number of Railcars which the Lessee desires to re-lease hereunder; provided, however, that the Lessee may withdraw its election to renew the Lease, in whole or in part, at any time before the 180th day prior to such Renewal Term Commencement Date, so long as in the case of a withdrawal in part the number of Railcars as to which the election to renew is not

withdrawn is a Qualified Number. Such notice shall specify the desired Renewal Term, which, in the case of the Fixed Rate Renewal shall be the Fixed Rate Renewal Term, and, in the case of the Fair Market Renewal, shall be the Fair Market Renewal Term.

(iii) Fixed Rate Renewal. The renewal pursuant to this clause (iii) shall be referred to as the "Fixed Rate Renewal" and shall be made pursuant to the following terms and conditions:

(A) The period of the Fixed Rate Renewal (the "Fixed Rate Renewal Term") for any Railcars shall be the period commencing on the Fixed Rate Renewal Term Commencement Date and ending on the day immediately preceding the date which is two years after such Fixed Rate Renewal Term Commencement Date.

(B) Basic Rent for Railcars during the Fixed Rate Renewal Term shall be the Fixed Rate Renewal Rent in respect of such Railcars for such period (as defined in and determined pursuant to the provisions of subclause (D) below), and such Fixed Rate Renewal Rent shall be payable in arrears on each Payment Date occurring after the last day of the Basic Term. The Stipulated Loss Value for Railcars leased during the Fixed Rate Renewal Term shall be calculated once on or before the beginning of the Fixed Rate Renewal Term and shall (x) on the Fixed Rate Renewal Term Commencement Date be equal to the Fair Market Sale Value for such Railcars and (y) thereafter (during the Fixed Rate Renewal Term) be reduced monthly on a straight-line basis over the remaining economic useful life of such Railcars to zero.

(C) In connection with an actual or prospective Fixed Rate Renewal, a determination shall be made (either by mutual agreement of the Lessor (with the consent of the Owner Participant) and the Lessee or, absent such mutual agreement, pursuant to the Appraisal Procedure) of (x) the estimated economic useful life of such Railcars measured from the Funding Date, (y) the Fair Market Sale Value of such Railcars and (z) the Fair Market Rent of such Railcars. Such determination shall be made as of and completed prior to the Fixed Rate Renewal Term Commencement Date.

(D) The rent during the Fixed Rate Renewal (the "Fixed Rate Renewal Rent") shall be an amount, determined as of the Fixed Rate Renewal Term Commencement Date, equal to the lesser of (x) Fair Market Rent in respect of such Railcars for such period (as determined pursuant to subclause (C) above), and (y) 50% of the Average Rent with respect to such Railcars.

(E) The Railcars which shall be subject to the Fixed Rate Renewal, if fewer than all of the Railcars subject to this Lease immediately prior to the Fixed Rate Renewal Commencement Date, shall be determined by the Lessee at random.

(iv) Fair Market Renewal. A renewal pursuant to this clause (iv) shall be referred to as the "Fair Market Renewal" and shall be made pursuant to the following terms and conditions:

(A) The period of the Fair Market Renewal (a "Fair Market Renewal Term") shall be the period commencing on the Fair Market Renewal Term Commencement Date and ending on the date specified by the Lessee in the notice delivered pursuant to clause (ii) of this Section 4(a), which period shall be no shorter than one year, provided, however, that the Fair Market Renewal Term shall not continue later than the earlier of the dates determined in subclauses (w) and (x) of clause (iv)(C) of this Section 4(a).

(B) Basic Rent for Railcars during the Fair Market Renewal Term (the "Fair Market Renewal Rent") shall be the Fair Market Rent in respect of such Railcars for such period (as determined pursuant to the provisions of subclause (C) immediately below), payable in arrears on each Payment Date occurring after the Fair Market Renewal Term Commencement Date during the Fair Market Renewal Term. The Stipulated Loss Value for Railcars leased during the Fair Market Renewal Term shall be calculated once on or before the beginning of the Fair Market Renewal Term and shall (x) on the Fair Market Renewal Term Commencement Date be equal to the Fair Market Sale Value for such Railcars and (y) thereafter (during the Fair Market Renewal Term) be reduced monthly on a straight-line basis over the remaining economic useful life of such Railcars to zero.

(C) In connection with an actual or prospective Fair Market Renewal for any Railcars, a determination shall be made (either by mutual agreement of the Lessor (with the consent of the Owner Participant) and the Lessee or, absent such mutual agreement, pursuant to the Appraisal Procedure) of (w) the estimated economic useful life of such Railcars measured from the Funding Date and the date on which there shall remain 20% of such remaining economic useful life, (x) the last date on which the estimated residual value (without regard to inflation or deflation subsequent to the Funding Date) of such Railcars is projected to be greater than or equal to 20% of the Lessor's Cost therefor, (y) the Fair Market Sale Value of such Railcars and (z) the Fair Market Rent of such Railcars. Such determination shall be made as of and completed prior to the Fair Market Renewal Term Commencement Date.

(D) The Railcars which shall be subject to the Fair Market Renewal, if fewer than all of the Railcars subject to this Lease immediately prior to the Fair Market Renewal Term Commencement Date, shall be determined by the Lessee at random.

(v) General. All provisions of this Lease shall be applicable during each Renewal Term, except that the Basic Rent and Stipulated Loss Value percentages payable under this Lease during each Renewal Term shall be those specified in this Section 4(a).

(b) Options to Purchase. Provided that no Event of Lease Default shall have occurred and then be continuing or shall then exist, the Lessee shall be entitled (x) to purchase, as an Early Buy-Out, a Qualified Number of Railcars on the Early Buy-Out Date, (y) to purchase a Qualified Number of Railcars at the expiration of the Basic Term or (z) to purchase all of the Railcars then subject to this Lease on the expiration of either Renewal Term, in each case pursuant to the following terms and conditions:

(i) Appraisal Request. The Lessee may, by notice to the Lessor at any time not less than 180 days (but not more than 365 days) prior to the expiration of the Basic Term or any Renewal Term, as the case may be, with respect to the Railcars then

being leased under this Lease, request that a determination be made under clause (iv) of this Section 4(b) of the Fair Market Sale Value of such Railcars. No such request for a determination pursuant to this clause (i) shall be deemed an election by the Lessee to purchase Railcars pursuant to the provisions of this Section 4(b).

(ii) Notice. In the event that the Lessee elects to purchase any such Railcars, the Lessee shall provide the Lessor with a notice making such election at least 180 days (but not more than 365 days) prior to the Early Buy-Out Date, the expiration of the Basic Term or the expiration of the applicable Renewal Term, as the case may be, with respect to the Railcars to be purchased, such notice to specify the number of Railcars to be purchased hereunder; provided, however, that the Lessee may withdraw its offer to purchase any Railcars, in whole or in part, at any time before the 180th day prior to the Early Buy-Out Date or the expiration of the Basic Term or the applicable Renewal Term, as the case may be, so long as in the case of a withdrawal in part, the number of Railcars as to which the election to purchase is not withdrawn is a Qualified Number. In the case of a purchase of fewer than all of the Railcars then subject to this Lease, the Railcars which shall be purchased shall be determined by the Lessee at random.

(iii) Payment of Purchase Price. The Lessee shall pay to the Lessor, on the Early Buy-Out Date, the expiration of the Basic Term or the expiration of the applicable Renewal Term, as the case may be, (A) with respect to Railcars being purchased, as an Early Buy-Out, on the Early Buy-Out Date, an amount equal to the Early Buy-Out Price for each such Railcar or (B) with respect to Railcars being purchased on the expiration of the Basic Term or the expiration of a Renewal Term, an amount equal to the Fair Market Sale Value of each such Railcar, and upon such payment and the payment by the Lessee of all other Rent payable hereunder on or before the Early Buy-Out Date or such expiration date (including the Basic Rent becoming due and payable on such expiration date if Basic Rent is then payable in arrears), subject, in the case of an Early Buy-Out, to either (x) the prepayment of the Notes as provided in Section 4.01(c)(ii) of the Indenture or (y) the assumption of the Notes as provided in Section 4.04 of the Indenture, the Lessor shall transfer all of its right, title and

interest in and to such Railcars to the Lessee, "as is" and "where is," without any representation, recourse or warranty on the part of the Lessor except that the Lessor shall warrant to the Lessee that such Railcars are free and clear of all Owner Encumbrances.

(iv) Appraisal Determination. In connection with an actual or prospective purchase by the Lessee of any Railcars pursuant to this Section 4(b) except for an Early Buy-Out, a determination shall be made (pursuant to the Appraisal Procedure) of the Fair Market Sale Value of such Railcars. Such determination shall be made within the time periods required by the Appraisal Procedure and shall be made as of, and completed prior to, the expiration of the Basic Term or applicable Renewal Term, as the case may be, with respect to such Railcars.

(v) Reduction of Price on Assumption of Notes. In the event that the Lessee elects to purchase Railcars pursuant to clause (iii)(A) of this Section 4(b), if the Lessee has elected to assume the payment obligations of the Lessor with respect to the related Notes as contemplated by Section 4.04 of the Indenture and Section 7.05 of the Participation Agreement and if there have been delivered to the Lessor the cancelled Notes and a discharge of the Lien of the Indenture on the sales proceeds, in form and substance satisfactory to the Lessor, then the purchase price to be paid by the Lessee for such purchased Railcars shall be reduced by an amount equal to the principal of and accrued interest on the Notes so assumed by the Lessee.

(c) Redelivery; Storage. At (w) the expiration of the Basic Term, in the case of Railcars which are not then purchased and as to which this Lease is not renewed, or (x) the expiration of the Fixed Rate Renewal Term, in the case of Railcars which are not then purchased and as to which this Lease is not then renewed, or (y) the expiration of the Fair Market Renewal Term, in the case of Railcars which are not then purchased, or (z) the end of any applicable storage period provided in this Section 4(c), the Lessee shall assemble and deliver possession of such Railcars as provided in this Section 4(c) and Section 7(b) hereof. To the extent that any maintenance records are kept with respect to any Railcar returned pursuant to this Section 4(c) and such maintenance records are customarily made available to the purchaser of equipment of a type similar to such Railcar, upon the written request of the Lessor, such maintenance records shall be delivered to the Lessor or its designee

upon the return of such Railcar. The Lessee shall assemble and deliver possession of such Railcars at one major interconnection point on the Lessee's lines (the "Redelivery Location"), F.O.B. the Redelivery Location. The Lessee shall determine the Redelivery Location after consulting with the Owner Participant, which may specify whether the Redelivery Location shall be in the eastern portion of the Lessee's lines or in the western portion of such lines. The Lessee shall notify the Lessor and the Owner Participant of the Redelivery Location not less than 30 days prior to such redelivery. Any Railcar delivered to the Redelivery Location (or into storage, as the Lessor may have requested as provided below) shall be deemed to be redelivered hereunder (and Rent with respect to such redelivered Railcars shall cease to accrue with respect thereto) on the later to occur of (i) the expiration of the Lease Term with respect to such Railcar and (ii) the actual redelivery of such Railcar to the Redelivery Location or into storage. The Lessee will, at the request of the Lessor made not less than 30 days prior to the end of the Lease Term, store each such Railcar free of charge and at the Lessee's expense and risk on storage tracks selected and owned by the Lessee for a period of up to 60 days commencing on the date of the actual delivery to such storage tracks of 90% of the Railcars to be stored. In addition, the Lessor shall have the right, upon 30 days' prior notice to the Lessee, to store each such Railcar redelivered to it on storage tracks selected and owned by the Lessee for an additional period of up to 90 days after the expiration of the free storage period referred to in the preceding sentence; provided, however, that the Lessee may charge the Lessor an amount based on the then normal rates charged by the Lessee to third parties for storage of railcars of the same or similar type on its tracks (or in the event that the Lessee has no such normal charge at such time, then at the rate charged on the date of this Lease and adjusted for inflation), and such additional storage shall be at the Lessor's expense and risk. The Lessee may store Railcars at a location other than the Redelivery Location, but in that event, upon not less than 10 days' prior notice from the Lessor to the Lessee, the Lessee will, during such storage period, transport such Railcar, at the Lessee's cost and expense, to the Redelivery Location, whereupon the Lessee shall have no further liability or obligation with respect to such Railcar. The Lessee shall be responsible for all costs and expenses of gathering and storing any Railcar not redelivered pursuant to the terms of this Section 4, and the Lessee shall continue to insure and bear the risk of loss of any such Railcar in accordance with this Lease until so redelivered.

(d) Time is of the Essence. The Lessor and the Lessee agree that the provisions of this Section 4 must be fulfilled in a timely manner and that time is of the essence in connection with the performance of each such party's obligations under this Section 4.

(e) Extension of Lease Term. Upon the expiration of the Basic Term and all applicable Renewal Terms, the Lease Term for any Railcar shall be extended for any period necessary for the return of such Railcar to the location designated pursuant to Section 4(c) hereof; provided, however, that in the event any Railcar is not returned as so provided within 60 days (for purposes of this Section 4(e), the "60-Day Period") after the expiration of the Basic Term and all applicable Renewal Terms with respect to such Railcar, the Lessor may, at its option, upon notice to the Lessee on the Business Day next following the end of the 60-Day Period with respect to all such Railcars (provided that such 60-Day Period shall be extended to 180 days if the Lessee is prevented from returning such Railcars because of (w) floods, blue northers, act of God, earthquake or other natural disaster, (x) war, riot, strike, epidemic or disease, or (y) any United States governmental law, rule, order or regulation, and/or (z) any other reason not attributable to any event or events within the control of the Lessee or any sublessee on the last day of the Lease Term) deem such failure to return such Railcar to be an Event of Loss, whereupon the provisions of Section 12 hereof shall apply to such Railcar. In addition to any other remedy the Lessor may be entitled to for failure by the Lessee to timely redeliver the Railcars on or prior to the expiration of the Basic Term or any applicable Renewal Term, the Lessee agrees to pay the daily equivalent of 50% of the Average Rent for each Railcar not so timely redelivered, for the period from and including the final Payment Date to but excluding the date of actual redelivery hereunder.

Section 5. Disclaimer of Warranties.

(a) No Representation or Warranty. THE LESSEE ACKNOWLEDGES THAT (i) THE RAILCARS ARE OF SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY THE LESSEE, (ii) THE RAILCARS ARE SUITABLE FOR THE LESSEE'S PURPOSES, (iii) NEITHER THE LESSOR, THE INDENTURE TRUSTEE NOR ANY PARTICIPANT IS A MANUFACTURER OR DEALER IN SUCH PROPERTY OR HAS INSPECTED THE RAILCARS PRIOR TO DELIVERY TO AND ACCEPTANCE BY THE LESSEE AND (iv) EACH RAILCAR IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS NOW IN EFFECT OR HEREAFTER ADOPTED. THE LESSOR LEASES AND THE LESSEE TAKES EACH RAILCAR "AS IS," "WHERE IS" AND WITH ALL FAULTS, AND THE LESSEE ACKNOWLEDGES THAT NONE OF THE OWNER

PARTICIPANT, THE LESSOR, THE INDENTURE TRUSTEE OR THE LOAN PARTICIPANT MAKES OR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND THE LESSEE WAIVES AND EXPRESSLY DISCLAIMS, AS BETWEEN ITSELF, ON ONE HAND, AND THE LESSOR AND ANY PARTICIPANT, ON THE OTHER HAND, ANY AND ALL RIGHTS OR CLAIMS, AS TO THE DESIGN, OPERATION OR CONDITION OF THE RAILCARS, AS TO THE VALUE, CONDITION, DESIGN OR MERCHANTABILITY OF THE RAILCARS, AS TO THE FITNESS OF THE RAILCARS FOR ANY PARTICULAR USE OR PURPOSE, AS TO THE QUALITY OF MATERIAL OR WORKMANSHIP OR CONFORMITY TO SPECIFICATIONS OF ANY PURCHASE ORDER RELATING THERETO, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR, EXCEPT AS SET FORTH IN SECTION 5(b) HEREOF OR AS OTHERWISE PROVIDED IN THE OPERATIVE DOCUMENTS, ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE RAILCARS, AND UNDER NO CIRCUMSTANCES WHATSOEVER SHALL MERIDIAN TRUST, THE LESSOR OR ANY PARTICIPANT BE LIABLE OR RESPONSIBLE TO THE LESSEE FOR ANY CONSEQUENTIAL DAMAGES. THE PROVISIONS OF THIS SECTION 5 HAVE BEEN NEGOTIATED AND, EXCEPT AS PROVIDED ABOVE, ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, BY THE LESSOR, THE INDENTURE TRUSTEE OR ANY PARTICIPANT IN ANY CAPACITY, WITH RESPECT TO ANY RAILCAR OR ANY PART THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER APPLICABLE LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

(b) Title. Notwithstanding the provisions of the foregoing Section 5(a), the Lessor represents and warrants that on the Funding Date it will have whatever title to the Railcars being delivered on the Funding Date as has been conveyed to it on such date by the Seller, subject to no Owner Encumbrances.

Section 6. Use and Operation of Railcars. During the Lease Term, so long as no Event of Lease Default has occurred and is continuing, the Lessee has the exclusive right to possession, control and full use of the Railcars leased hereunder and may use such Railcars in any lawful trade or commerce, upon lines of railroad owned or operated by the Lessee or any Affiliate thereof, upon lines of railroad over which the Lessee or any such Affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such Affiliate is regularly operated pursuant to contract and on railroad lines of other railroads in the United States, Canada and Mexico, in the usual interchange of traffic or in through or run-through service and shall be entitled to permit the use of such Railcars upon connecting and other

carriers in the usual interchange of traffic or pursuant to through or run-through agreements; provided, however, (i) the Lessee shall use each Railcar only in the manner for which it was designed and intended, (ii) such Railcars shall be used in a non-discriminatory manner compared to similar railcars owned by or leased to the Lessee, (iii) such Railcars shall not be used or operated in any manner contrary to Applicable Law and (iv) such Railcars shall be operated primarily on domestic routes in the United States of America. Nothing in this Section 6 shall be deemed to constitute permission by the Lessor to any Person which acquires possession of any Railcars to take any action inconsistent with the terms and provisions of this Lease or any other Operative Document. The rights of any Person which acquires possession of any Railcars pursuant to this Section 6 shall be under and subordinate to the rights of the Lessor hereunder.

Section 7. Maintenance; Return Condition.

(a) Maintenance. The Lessee, at its own expense and risk, shall throughout the Lease Term maintain and repair the Railcars so as to keep the Railcars in as good operating condition as when originally delivered, ordinary wear and tear excepted, in accordance with maintenance standards at least equal to the industry standards of maintenance for aluminum hopper railcars operating on the lines of Class I Railroads and in the manner and in the same condition as the Lessee maintains and repairs similar equipment owned and leased by it at such time so that such Railcars will remain (i) in compliance with any and all Applicable Law and industry regulations, as would have been applied without regard to any changes of ownership or changes in marks that result from action by the Lessor during the Lease Term other than for actions specifically requested by the Lessee, (ii) mechanically suitable for interchange by the Lessee and (iii) in compliance with any maintenance requirements contained in policies of insurance maintained by the Lessee pursuant to Section 11 hereof. The Lessee shall maintain or cause to be maintained all records, logs and other documents required by Applicable Law to be maintained with respect to each Railcar. The Lessee agrees that it will not discriminate against any Railcar with respect to its use, operation or maintenance in contemplation of the expiration or termination of this Lease. Notwithstanding the foregoing, the Lessee, in its discretion, may withdraw from transportation service any Railcar for any reason at and for any time, during which time the Lessee shall not be required to maintain or repair such Railcar, but otherwise any such Railcar shall remain subject to the terms of this Lease; provided, however, that (w) the Lessee shall remain responsible for the preservation, safekeeping, use,

operation and safe storage of such Railcar, (x) the Lessee's actions with respect to such Railcar shall not impair the value, utility or useful life that such Railcar would have had, had it been kept in service and maintained in accordance with this Lease, (y) prior to any such Railcar being placed in transportation service thereafter, the Lessee shall maintain or repair or shall cause such Railcars to be maintained or repaired in accordance with the terms of this Lease and (z) the foregoing shall not affect any of the Lessee's obligations to return such Railcar in the manner and condition specified in Sections 4(c) and 7(b) hereof.

(b) Return Condition. At the time of any return, the Railcars so being returned shall be free and clear of all Liens (except any Owner Encumbrances and Liens referred to in clauses (a), (b) and/or (c) of the definition of Permitted Encumbrances) and shall (i) be in the same operating condition as when originally delivered, ordinary wear and tear excepted, (ii) have attached or affixed thereto any Improvements title to which is in the Lessor pursuant to Section 9(b) hereof and have removed therefrom, at the Lessor's request and the Lessee's expense, any other part or Severable Improvement, title to which is in the Lessee, except to the extent that the Lessor has exercised its right to purchase such Severable Improvement pursuant to Section 9(b) hereof, (iii) be free from accumulations or deposits of commodities transported in or on the Railcar during the Lease Term and (iv) otherwise be in the condition required by this Section 7 and as if the Railcars had been used solely in coal-carrying service and had been maintained in accordance with industry standards and the Lessee's practices for coal-carrying aluminum hopper railcars. The Lessor or its agent may inspect any Railcar returned hereunder to determine whether such Railcar is in the condition required by this Section 7(b) at such time and location as the Lessor and the Lessee may reasonably establish. At such inspection, inspectors representing both the Lessee and the Lessor, or, absent mutual agreement of the Lessor and the Lessee with respect to such inspectors, an Independent inspector satisfactory to both parties, shall be present and shall determine and state the agreed repairs or work (which shall be at the sole expense of the Lessee) necessary to place such Railcar on the date of return in the condition required by this Section 7(b). The Lessee and the Lessor shall bear the cost of their respective inspectors or, in the case of an Independent inspector, shall divide the cost of such Independent inspector equally between themselves.

Section 8. Inspection. The Lessor, the Owner Participant and the Indenture Trustee, or their duly

authorized representatives (and during a period during which any Railcar is stored pursuant to Section 4(c) hereof, any prospective purchaser or user of such Railcar), may inspect (Monday through Friday, between the hours of 8:00 a.m. and 4:00 p.m. local time), upon reasonable notice and at their own risk and expense, the Railcars and applicable maintenance and use records relating thereto, and the Lessee shall make the foregoing available to each such party, but none of the Lessor, the Owner Participant or the Indenture Trustee shall have any duty to do so; provided, however, that any such inspection shall in no way interfere with any repairs or maintenance or the use and operation of the Railcars; and provided further, that in exercising such right of inspection, the Lessor, the Owner Participant, the Indenture Trustee and their duly authorized agents or representatives (and any such prospective purchaser or user) shall not unreasonably interfere with the Lessee's normal business operations and shall abide by all of the Lessee's rules and regulations regarding safety and operation.

Section 9. Improvements.

(a) Improvements Generally. The Lessee shall, at its cost and expense, make such Improvements to the Railcars as shall be required in order to comply with Section 7 hereof, including any Improvement required or mandated by the Association of American Railroads or any Official Body having jurisdiction over the operation, safety or use of the Railcars. In addition, the Lessee may make such other Improvements to the Railcars as the Lessee may deem desirable but only to the extent that (i) in the case of Severable Improvements, such Severable Improvements are readily removable without causing material damage to the Railcars and without diminishing, in the Lessee's reasonable judgment, the value, utility or useful life of such Railcar below the value, utility or useful life of such Railcar immediately prior to such Improvement, assuming that such Railcar was then in the condition required to be maintained by the terms of this Lease, (ii) in the case of Nonseverable Improvements, such Nonseverable Improvements do not diminish, in the Lessee's reasonable judgment, the value, utility or useful life of such Railcar below the value, utility or useful life of such Railcar immediately prior to such Improvement, assuming that such Railcar was then in the condition required to be maintained by the terms of this Lease, and (iii) such Improvements would not cause such Railcars to become "limited use property" within the meaning of Revenue Procedure 76-30 promulgated by the Internal Revenue Service.

(b) Title; Removal of Severable Improvements.

Title to each Nonseverable Improvement shall, without further act, vest in the Lessor. Title to each Severable Improvement shall, without further act, vest or remain, as the case may be, in the Lessee, and, provided no Event of Lease Default shall then have occurred and be continuing or shall then exist, the Lessee at its own expense and risk shall have the right to remove any Severable Improvement from the Railcars at any time during or at the expiration of the Lease Term if (i) such Improvement constitutes an addition to, and not a replacement of or a substitution for, any part originally incorporated or installed in or attached to such Railcar at the time of delivery thereof hereunder or any part in replacement of, or substitution for, any such original part, (ii) such Improvement is not required pursuant to the terms of Section 9(a) hereof and (iii) such Improvement can be removed without diminishing or impairing, in the Lessee's reasonable judgment, the value, utility or useful life which such Railcar would have had at the time of removal had such Improvement not been effected by the Lessee, assuming that such Railcar is otherwise maintained in the manner required by this Lease. Notwithstanding the foregoing, if the Lessee shall cause any Severable Improvement to be made to any Railcar and such Severable Improvement is, in the Lessor's reasonable judgment, necessary for the economic operation of such Railcar, the Lessor shall have the right, prior to the return of such Railcar to the Lessor hereunder, to purchase such Severable Improvement (other than any Severable Improvement consisting of proprietary or communications equipment) at its then Fair Market Sale Value. If the Lessor does not elect to purchase such Severable Improvement, the Lessee may remove and, if requested by the Lessor shall remove, such Severable Improvement at the Lessee's cost and expense. On the expiration of the Lease Term, any Severable Improvement not so removed shall become the property of the Lessor free and clear of all rights of the Lessee, without further act.

(c) Removal of Property; Replacements. The Lessee may, in the ordinary course of maintenance or repair of any Railcar, remove any item of property constituting a part of such Railcar, and unless the removal of such item is required by Section 7 hereof, the Lessee shall replace such item as promptly as practicable by an item of property that is free and clear of all Liens (other than Permitted Encumbrances) and subject to the lien of the Indenture and in as good operating condition as, and with a value, utility and useful life at least equal to, the item of property being replaced, assuming that such replaced item was in the condition required to be maintained by the terms of this Lease. Any item of

property removed from such Railcar as provided in the preceding sentence shall remain the property of the Lessor free and clear of all rights of the Lessee until replaced in accordance with the terms of such sentence, but shall then, without further act, become the property of the Lessee. Any such replacement property shall, without further act, become the property of the Lessor and be deemed part of such Railcar for all purposes hereof.

(d) Identification Marks. The Lessee shall (i) cause each Railcar to be kept numbered with the identifying number as set forth in Schedule 1 to the Lease and Indenture Supplement executed and delivered on the Funding Date and (ii) keep and maintain, as soon as practicable after such Railcar becomes subject to the terms of this Lease, plainly, distinctly, permanently and conspicuously marked on both sides of such Railcar in letters not less than one inch in height, the words "Ownership subject to a security agreement filed with the Interstate Commerce Commission" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by Applicable Law or reasonably deemed necessary or advisable by the Lessor or the Indenture Trustee in order to protect the title of the Lessor and the rights of the Lessor and the Indenture Trustee under the Operative Documents. The Lessee shall not place any such Railcar in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and shall replace promptly any such word or words which may be removed, defaced, obliterated or destroyed. The Lessee shall not permit the identifying number of any Railcar to be changed except in accordance with an amendment to this Lease, or statement of new identifying numbers to be substituted therefor, which amendment or statement shall have been previously filed, recorded or deposited with the Lessor and Indenture Trustee and in all public offices where this Lease shall have been filed, recorded and deposited. Except as above provided, the Lessee shall not allow the name of any Person to be placed on the Railcars (other than that of the manufacturer of such Railcars) as a designation that might reasonably be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Railcars to be lettered with the names or initials or other insignia customarily used by the Lessee, its sublessees or any of their respective Affiliates on railroad equipment used by it, its sublessees or such Affiliates of the same or a similar type.

Section 10. Liens.

(a) Liens Prohibited. The Lessee shall not create, assume, incur or suffer to exist any Lien on or with respect to any Railcar, except for Permitted Encumbrances and Owner Encumbrances. The Lessee shall notify the Lessor promptly of the imposition of any such Lien (other than Owner Encumbrances) and shall at its own cost and expense promptly cause the same to be discharged, dismissed or removed, and in any event within 30 days after the Lessee first knows of the existence of any such Lien; provided, however, that notwithstanding the foregoing, the Lessee shall have the right to contest any such Lien in good faith by appropriate proceedings, diligently prosecuted or appealed so long as such Lien does not involve any non-*de minimis* risk of a sale, forfeiture or loss of such Railcar and so long as the Lessee has provided adequate security therefor as the Lessor and the Indenture Trustee shall approve, which approval shall not be unreasonably withheld.

(b) Release of Liens. The Lessee agrees that it shall, at its own cost and expense, promptly take such action as may be necessary duly to discharge any Liens that are not Permitted Encumbrances or Owner Encumbrances, and in the event that any Railcar shall be attached, levied upon or taken into custody, or detained or sequestered, by virtue of any proceeding in any Official Body on account of any such Lien, the Lessee shall cause such Railcar to be released and all such Liens to be promptly discharged (except to the extent that the same shall be contested by the Lessee in good faith by appropriate proceedings, diligently prosecuted or appealed so long as such Lien does not involve any non-*de minimis* risk of a sale, forfeiture or loss of such Railcar and so long as the Lessee has provided adequate security therefor as the Lessor and the Indenture Trustee shall approve, which approval shall not be unreasonably withheld). The Lessee shall protect, save and keep harmless the Owner Participant, the Lessor, the Indenture Trustee and the Holders from time to time of the Notes and their respective successors and permitted assigns from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses (including reasonable legal fees) of whatsoever kind and nature that may be imposed on, incurred by or asserted at any time (whether before, during or after the Lease Term) against the Owner Participant, the Lessor, the Indenture Trustee or such Holder in any way relating to or arising out of any such Liens that are not Permitted Encumbrances or Owner Encumbrances.

Section 11. Insurance.

(a) The Lessee shall at all times after the Funding Date, at its own expense, carry and maintain or cause to be carried and maintained (i) property insurance with respect to each Railcar subject to this Lease and (ii) public liability insurance with respect to third party personal and property damage, in each case with such deductibles, in such amounts, against such risks, with such insurance companies of recognized responsibility and subject to such self-insurance, in each case as is consistent with prudent industry practice for Class I Railroads, and in any event, in amounts not less than and against such risks so as to be at least equal to the insurance, if any, maintained by the Lessee with respect to types of railcars, similar to the Railcars, owned or leased by the Lessee. The Lessor, the Loan Participant, the Owner Participant and the Indenture Trustee shall be named additional insureds on each such policy.

(b) The proceeds of any insurance for damage to any Railcar not constituting an Event of Loss shall be applied in payment for the repair of such damage to the extent required to maintain such Railcar in accordance with the provisions of Section 7 hereof (except for the last sentence of Section 7(a) hereof), if such repair shall not have already been paid for by the Lessee, or, if such repair shall already have been paid for by the Lessee, to reimburse the Lessee for its payment for such repair and any balance remaining after compliance with said provisions of Section 7 hereof shall be paid over to, or retained by, the Lessee.

(c) The Lessee agrees that it will not do any act or voluntarily suffer or permit any act to be done whereby any insurance required to be maintained pursuant to this Section 11 shall or may be suspended or impaired and will not suffer or permit any Railcar to be used in a manner not permitted under the insurance policies, if any, maintained hereunder without first covering such Railcar for such use.

(d) All policies with respect to public liability insurance will provide that, if such insurance is cancelled, substantially changed in respect of coverage affecting the interest of the Lessor, or allowed to lapse for nonpayment of premiums, such cancellation, change or lapse shall not be effective for 30 days after receipt by the Lessor of notice from such insurers of such cancellation, change or lapse or, if such policies do not so provide, that such insurers or an independent broker agrees to endeavor to provide 30 days' notice of such cancellation, change or lapse. The Lessee agrees to

furnish to the Lessor prompt notice of any material adverse change in the public liability insurance coverage provided pursuant to this Section 11.

(e) The Lessor or the Owner Participant may, but shall not be required to, at its own expense, provide additional insurance on or with respect to the Railcars or the operation thereof unless such insurance would conflict with or otherwise limit any insurance maintained by the Lessee pursuant to this Section 11 and the proceeds of such insurance shall be payable as provided therein; provided, however, that if the Lessor and/or the Owner Participant does provide such insurance, the Lessor and/or the Owner Participant, as the case may be, shall cause such insurers to cooperate with the Lessee's insurers with respect to any overlapping claim. Nothing in this Section 11(e) shall be deemed to limit the Lessor's rights under Section 22 hereof.

(f) To the extent available and customarily obtained by the Lessee with respect to railcars which are similar to the Railcars and which are owned by or leased to the Lessee, the Lessee shall arrange for the policies of insurance carried by or on behalf of the Lessee in accordance with this Section 11 to

(i) provide that in respect of the respective interests of the Lessor, of the Indenture Trustee, of the Owner Participant and of the Loan Participant in such policies the insurance shall not be invalidated by any action or inaction of the Lessee or any additional insured (other than such additional insured, as to such additional insured) and shall insure the Lessor's, the Indenture Trustee's, the Owner Participant's and the Loan Participant's interests as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or any additional insured (other than such additional insured, as to such additional insured);

(ii) provide that, if such insurance is cancelled for any reason whatsoever, or any substantial change is made in the policy which affects the coverage certified hereunder to the Lessor, the Indenture Trustee, the Owner Participant or the Loan Participant, or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to the Lessor, the Indenture Trustee, the Owner Participant or the Loan Participant for 30 days after receipt by the Lessor, by the Indenture

Trustee, by the Owner Participant or by the Loan Participant, respectively, of notice from such insurers of such cancellation, change or lapse;

(iii) provide that none of the Lessor, the Indenture Trustee, the Owner Participant or the Loan Participant shall have any obligation or liability for premiums, commissions, assessments or calls or advances in connection with such insurance;

(iv) provide that the insurers shall waive (A) any rights of set-off, counterclaim or any other deduction, whether by attachment or otherwise, which they may have against the Lessor, the Indenture Trustee, the Owner Participant or the Loan Participant and (B) any rights of subrogation against the Lessor, the Indenture Trustee, the Owner Participant or the Loan Participant;

(v) be primary without right of contribution from any other insurance which may be carried by the Lessor, the Indenture Trustee, the Owner Participant or the Loan Participant with respect to its interests as such in the Railcars; and

(vi) expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

(g) Each year during the Lease Term, within 30 days after the renewal date of the insurance policies required pursuant to this Section 11, the Lessee shall deliver to each of the Lessor, the Owner Participant and the Indenture Trustee a certificate of a Responsible Officer of the Lessee stating that the insurance required by this Section 11 is in full force, together with, in the case of the certificate for the Owner Participant, original certificates of insurance signed by the Lessee's insurer or insurers or by an independent insurance broker of national reputation evidencing such coverage or, in the case of the certificate for the Lessor and the certificate for the Indenture Trustee, photocopies of such certificates of insurance.

Section 12. Loss, Requisition or Seizure.

(a) Event of Loss Defined. An "Event of Loss" shall mean the occurrence of any of the following events with respect to any Railcar then leased under this Lease:

(i) an insurance settlement shall be paid on account of an actual or constructive total loss of such Railcar;

(ii) such Railcar shall suffer an actual or constructive total loss;

(iii) such Railcar shall become unfit for commercial use by the Lessee, as determined in good faith by the Lessee and evidenced by a certificate of a Responsible Officer of the Lessee to such effect;

(iv) such Railcar shall be lost or stolen or shall otherwise disappear for a period in excess of 30 days;

(v) such Railcar shall become worn out or shall suffer destruction or damage beyond economic repair, as determined in good faith by the Lessee and evidenced by a certificate of a Responsible Officer of the Lessee to such effect;

(vi) such Railcar shall be taken, condemned or requisitioned for title by any governmental authority;

(vii) such Railcar shall be taken, condemned or requisitioned for use by (a) the United States government for a period in excess of the lesser of one year or the remaining Lease Term or (b) any other Official Body for a period in excess of the lesser of 180 days or the remaining Lease Term; or

(viii) the use of such Railcar in the normal course of interstate rail transportation shall have been prohibited for a continuous period in excess of six months as a result of any rule, regulation, order or other action by the United States government or any agency or instrumentality thereof.

The date of such Event of Loss shall be the date of such loss, damage, condemnation, taking, requisition or disappearance.

(b) Payment by Lessee upon Event of Loss. Subject to the provisions of Section 12(e) hereof, in the event of the occurrence of an Event of Loss, the Lessee shall, on a date determined by the Lessee (the "Determination Date") which shall be a date set forth on Schedule 3 hereof and

shall be no later than 90 days after the occurrence of such Event of Loss, pay to the Lessor, or to whomever shall be entitled to receive the same, the Stipulated Loss Value for each Railcar which has suffered an Event of Loss and for which the Stipulated Loss Value has not theretofore been paid, computed as of the Determination Date plus any unpaid Basic Rent due and payable prior to the Determination Date plus any Supplemental Rent then due. After the payment in full of such Stipulated Loss Value, the Lessee's obligation to pay further Basic Rent with respect to such Railcar shall terminate.

(c) Handling of Payments Received. All payments received by the Lessor or the Lessee from any Official Body or otherwise (except for proceeds of any insurance maintained by the Lessor or the Owner Participant) as compensation for an Event of Loss with respect to any Railcar shall be applied to pay the Stipulated Loss Value of such Railcar, if not already paid by the Lessee or, if already paid by the Lessee, shall be applied to reimburse the Lessee for its payment of such Stipulated Loss Value, and the balance, if any, of such payments after all other amounts constituting unpaid Supplemental Rent owing in connection with such Event of Loss have been paid shall be shared between the Lessee and the Lessor as their interests may appear; provided, however, that the balance of any such payments constituting proceeds of insurance maintained by the Lessee shall be retained by the Lessee.

(d) Disposition of Affected Railcars. In the event that the Lessee shall make payment as provided in Sections 12(b) and 12(c) hereof, including payment by application of compensation or insurance proceeds, and shall pay all other Rent then both due and owing under this Lease with respect to a Railcar subject to an Event of Loss, this Lease shall terminate with respect to such Railcar and (i) the Lessee or its designee shall be subrogated to all rights that the Lessor shall have with respect to property damage to such Railcar other than proceeds of insurance maintained by the Lessor or the Owner Participant, (ii) the Lessor shall convey to the Lessee or its designee all right, title and interest of the Lessor in and to such Railcar (including the rights referred to in clause (i) above) "as is," "where is" and without recourse or warranty, except that the Lessor shall warrant that such Railcar is free and clear of any Owner Encumbrances, (iii) the Lessor shall, at the Lessee's sole cost and expense, execute and deliver to the Lessee or its designee such bills of sale and other documents as the Lessee may reasonably request to evidence such conveyance, and (iv) the Lessee shall have the right to abandon such Railcar to the applicable insurance underwriters on behalf of the Lessor as well as itself.

(e) Replacement. Provided no Potential Lease Default described in clause (a), (b), (f) or (g) of Section 15 hereof and no Event of Lease Default shall exist or shall have occurred and be continuing, in the event of the occurrence of an Event of Loss with respect to one or more Railcars other than an Event of Loss described in clause (viii) of Section 12(a) hereof, the Lessee may, at its option and in lieu of payment of the Stipulated Loss Value for such Railcar as provided in Sections 12(b) and 12(c) hereof, on or prior to the date on which such Stipulated Loss Value would otherwise have been due, convey or cause to be conveyed to the Lessor, as a replacement for any such Railcar with respect to which an Event of Loss occurred, title to a Replacement Railcar free and clear of all Liens other than Permitted Encumbrances and Owner Encumbrances and having a value, utility and useful life at least equal to, and being in as good operating condition as, such Railcar with respect to which an Event of Loss occurred, assuming that such replaced Railcar was in the condition required by the terms hereof. At the time of or prior to any replacement of any Railcar, the Lessee, at its own expense, will

(i) furnish to the Lessor a bill of sale and an assignment of warranties with respect to the Replacement Railcar;

(ii) duly execute a Lease and Indenture Supplement which shall subject such Replacement Railcar to this Lease and, so long as the Indenture shall not have been satisfied and discharged, which shall subject such Railcar to the Lien of the Indenture, and cause such Lease and Indenture Supplement to be delivered to the Lessor and, so long as the Indenture shall not have been satisfied and discharged, to the Indenture Trustee for execution and, upon such execution, cause such Lease and Indenture Supplement to be filed for recordation in the same manner as provided for the Lease and Indenture Supplement covering the replaced Railcar pursuant to Section 23 hereof;

(iii) so long as the Indenture shall not have been satisfied and discharged, cause Uniform Commercial Code financing statements (or appropriate amendments to already-filed financing statements) naming the Lessor as the debtor and the Indenture Trustee as the secured party, to be filed in such public offices as are reasonably deemed necessary or appropriate by the Indenture Trustee, the Lessor or the Owner Participant in order to perfect the

security interest created by or pursuant to the Indenture;

(iv) cause precautionary Uniform Commercial Code financing statements (or appropriate amendments to already-filed financing statements) naming the Lessee as the debtor, the Lessor as the secured party and the Indenture Trustee as the assignee of the secured party, to be filed in such public offices as are reasonably deemed necessary or appropriate by the Indenture Trustee, the Lessor or the Owner Participant to perfect the right, title and interest of the Lessor in the Replacement Railcar and to perfect the right, title and interest of the Indenture Trustee as assignee of the Lessor in the Replacement Railcar;

(v) furnish to the Lessor and the Indenture Trustee an Officer's Certificate certifying that the Replacement Railcar is free and clear of all Liens other than Permitted Encumbrances and Owner Encumbrances;

(vi) furnish to the Lessor and the Indenture Trustee an opinion of the Lessee's counsel (which may be the Lessee's general counsel or assistant general counsel) to the effect that (x) the bill of sale referred to in clause (i) above constitutes an effective instrument for the conveyance to the Lessor of title to the Replacement Railcar and (y) that all filings, recordings and other action necessary or appropriate to perfect the Lessor's and the Indenture Trustee's respective interests in the Replacement Railcars have been accomplished; and

(vii) furnish to the Lessor and the Indenture Trustee a certificate of a qualified engineer (who may be an appropriate employee of the Lessee) certifying that the Replacement Railcar has a fair market value, utility and remaining useful life at least equal to the Railcar replaced thereby (assuming that such replaced Railcar was in the condition required to be maintained by the terms of this Lease) and setting forth a reasonable basis for such conclusion in reasonable detail.

Upon full compliance by the Lessee with the provisions of this Section 12(e), the Lessor shall transfer to the Lessee, "as is," "where is" and without recourse or warranty (except that the Lessor shall warrant that such Railcar is free and clear of any Owner Encumbrances) all of the Lessor's right, title and interest in and to the replaced Railcar, and upon such transfer, the Lessor shall

request that the Indenture Trustee execute and deliver to the Lessee an appropriate instrument releasing such replaced Railcar from the Lien of the Indenture. For all purposes hereof, each such Replacement Railcar shall, after such conveyance, be deemed part of the property leased hereunder and shall be deemed a "Railcar" as defined herein. No Event of Loss with respect to a Railcar under the circumstances contemplated by the terms of this Section 12(e) shall result in any reduction in Basic Rent.

(f) Other Requisitions. Unless such taking constitutes an Event of Loss, a taking of any Railcar for use by any governmental entity shall not terminate this Lease with respect to such Railcar, and the Lessee shall remain liable for all its obligations hereunder and under the other Operative Documents with respect to such Railcar, including its liability for payment of Rent, and all payments received by the Lessor or the Lessee for use of such Railcar as a result of such taking during the Lease Term shall be paid over to, or retained by, the Lessee.

(g) Handling of Moneys Payable to Lessee. Any amount referred to in Section 11 hereof or this Section 12 which is payable to the Lessee shall not be paid to the Lessee, or, if it has previously been paid directly to the Lessee, shall not be retained by the Lessee, if at the time of such payment a Potential Lease Default described in clause (a), (b), (f) or (g) of Section 15 hereof or an Event of Lease Default shall exist or shall have occurred and be continuing, but instead such amount shall be paid to and held by the Lessor as security for the obligations of the Lessee under this Lease, and, unless applied pursuant to Section 16 hereof, at such time as there shall not be continuing any such Potential Lease Default or Event of Lease Default such amount and any gain realized as a result of Permitted Investments required to be made pursuant to Section 24(k) hereof or Section 7.08 of the Indenture shall be paid over to the Lessee.

Section 13. Termination for Obsolescence or Surplus.

(a) Lessee's Right to Terminate Lease Under Certain Circumstances. Notwithstanding any provision to the contrary herein, in the event that certain of the Railcars shall have become economically obsolete or surplus to the Lessee's requirements, as determined in good faith by the Lessee and evidenced by a certificate of a Responsible Officer of the Lessee to such effect which is delivered to the Lessor and the Indenture Trustee, the Lessee shall have the right (the "Termination Right") from time to time

on or after the seventh anniversary of the Basic Term Commencement Date at its option, on at least 90 days' (but not more than 270 days') prior notice to the Lessor and the Indenture Trustee, to terminate this Lease with respect to a Minimum Number (as hereinafter defined) of the Railcars leased hereunder on a date determined by the Lessee (the "Termination Date") which shall be a date set forth on Schedule 2 hereof and specified in such notice (a "Termination Notice"), and if such Termination Notice shall apply to fewer than all of the Railcars then subject to the Lease, the Lessee shall identify to which Railcars such Termination Notice shall apply; provided, however, that the Lessee agrees, on behalf of the Lessor, to give a notice of redemption to the Indenture Trustee with respect to that portion of the Notes Outstanding to be redeemed pursuant to Section 4.01(c) of the Indenture in connection with such termination; and provided further that (i) notwithstanding anything to the contrary contained herein, the Lessee shall have the right to revoke any Termination Notice delivered hereunder, on no more than three occasions during the Lease Term, not less than 30 days prior to the Termination Date, so long as the Lessor shall not have given notice of its intention to exercise its right to retain such Railcars pursuant to Section 13(b) hereof and (ii) on the Termination Date each such Railcar shall be in the same condition and at the same location as if being returned pursuant to Section 4 hereof free and clear of all Liens (except as permitted by Section 7(b) hereof). As used in this Section 13, a "Minimum Number" of Railcars shall mean, with respect to each exercise of the Lessee's Termination Right, 40 or more Railcars; provided, however, that after giving effect to such exercise of the Termination Right, there shall remain subject to this Lease either no Railcars or 40 or more Railcars.

(b) Lessor's Right to Retain Terminated Railcars. Within 60 days after its receipt of a Termination Notice the Lessor may elect, by giving the Lessee notice to such effect during such 60-day period, to retain ownership of the Railcars being terminated, which notice shall be accompanied by an undertaking by the Lessor to pay to the Indenture Trustee the amount required to pay in full (after giving effect to any payment of Basic Rent due and payable on the Termination Date with respect to such Railcars, if Basic Rent is then payable in arrears, or after giving effect to any refund of Basic Rent already paid but not accrued, if Basic Rent has been paid in advance for a period beyond the Termination Date) that portion of Notes Outstanding to be redeemed pursuant to Section 4.01(c) of the Indenture together with all accrued interest thereon. Upon payment by the Lessor of such amount to the Indenture Trustee and, if Basic Rent has

been paid in advance for a period beyond the Termination Date, refund by the Lessor to the Lessee of any Basic Rent which has been paid but not accrued, net of any Rent then accrued and unpaid by the Lessee, and payment by the Lessee of any Rent due on the Termination Date and delivery of such Railcars to the Lessor in the manner provided in Section 4(c) hereof, the Lessee shall have no obligation to pay the Termination Value with respect to such Railcars.

(c) Lessee's Efforts to Dispose of Terminated Railcars. In the event the Lessor shall not elect, pursuant to Section 13(b) hereof, to retain the Railcars covered by a Termination Notice, then during the period from the expiration of such 60-day period until the day immediately preceding the Termination Date, the Lessee, as agent for the Lessor, shall use its best efforts to obtain bids for the purchase of such Railcars, it being understood that the Owner Participant shall also have the right to participate in the bidding to become a purchaser thereof and shall receive the same consideration as other bidders. Notwithstanding the foregoing, the Lessee shall have no liability to the Lessor for any failure to obtain the best price (except for the obligation to pay the excess of the Termination Value over the sales price, as provided below in this Section 13(c)) and shall be under no duty to solicit bids publicly or in any particular market, it being understood that the Lessee's sole interest in obtaining bids for the purchase of such Railcars shall be to reduce or eliminate any payment required to be made by the Lessee pursuant to this Section 13(c) with respect to any excess of the Termination Value over the sales price referred to in clause (ii) below. On the day immediately preceding the Termination Date, the Lessee shall certify to the Lessor the amount of any such bids and the name and address of the Person submitting any such bids. On the Termination Date (or such later date as the Lessor and the Lessee may mutually agree) the Lessor shall sell such Railcars for cash to the bidder who shall have submitted the highest bid prior to the Lessee's certification described above; provided, however, that the purchaser of such Railcars shall be a Person other than the Lessee, any Affiliate of the Lessee or any successor or assign of the Lessee, and the Lessee shall deliver such Railcars to the buyer thereof in the same manner and in the same condition required by Sections 4 and 7(b) hereof (other than the provisions therein regarding storage). The sales price (net of costs and expenses, including all applicable sales taxes, of the Lessor and of the Owner Participant relating to such sale) realized at such sale shall be paid to the Lessor or to whoever shall be entitled to receive the same and, in addition, on the Termination Date the Lessee shall

pay to the Lessor, or to whoever shall be entitled to receive the same, any unpaid Basic Rent due and payable prior to the Termination Date plus any Supplemental Rent required to be paid on such date (including any Supplemental Rent measured by the amount of Premium payable by the Lessor) and the amount, if any, by which (i) the Termination Value for such Railcars exceeds (ii) the sales price of such Railcars (net of costs and expenses, including all applicable sales taxes, of the Lessor and the Owner Participant relating to such sale); provided, however, that if no sale shall occur on the date scheduled therefor as above provided, this Lease shall continue in full force and effect with respect to such Railcars until such sale shall occur. In the event of termination of this Lease with respect to some or all of the Railcars pursuant to this Section 13 and the receipt by the Lessor, or by whoever shall be entitled to receive the same, of all amounts described above as being payable, the obligation of the Lessee to pay Rent with respect to such Railcars thereafter shall terminate. The Lessor shall be under no duty to solicit bids (but shall have the right to do so), to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale pursuant to this Section 13 other than to transfer or to cause to be transferred to the purchaser named in the highest bid certified by the Lessee as above provided all of the Lessor's right, title and interest in and to such Railcars. Any sale by the Lessor pursuant to this Section 13 shall be made "as is," "where is" and without any representation, recourse or warranty whatsoever on the part of the Lessor except that the Lessor shall warrant to the purchaser that such Railcars are free and clear of all Owner Encumbrances.

(d) Payment of Expenses, Premium in Connection with Termination. The Lessee shall pay the reasonable out-of-pocket appraisal, legal, inspection and similar costs and expenses of the Lessor and the Owner Participant in connection with any Termination Notice, and the Lessee shall pay an amount of Supplemental Rent equal to any Premium payable by the Lessor on the Notes as a result of a redemption thereof in connection with the termination of this Lease as to any Railcars pursuant to this Section 13.

Section 14. Assignment and Sublease.

(a) Assignment. The Lessee may, without the prior consent of the Lessor or the Indenture Trustee, assign or transfer all of its rights and obligations under this Lease and the other Operative Documents to any Affiliate in the Lessee's consolidated tax group for Federal income tax purposes or to any entity with which the Lessee shall

have merged or become consolidated or which shall have acquired all or substantially all of the railroad properties of the Lessee, provided that (i) in the case of an assignment or transfer to an Affiliate in the Lessee's consolidated tax group, the Lessee shall remain fully liable hereunder and under such other Operative Documents as though no such assignment or transfer had occurred, (ii) no Event of Lease Default or Potential Lease Default shall, immediately upon such assignment or transfer, occur or exist with respect to such assignee, transferee or successor, (iii) such assignee, transferee or successor shall have duly assumed the obligations of the Lessee under the Lease and such other Operative Documents by a written instrument in form and substance reasonably satisfactory to the Lessor, the Owner Participant and the Indenture Trustee, (iv) such assignee, transferee or successor shall be a railroad within the meaning of the Bankruptcy Code if being such a railroad is necessary to retain any rights pursuant to § 1168 of the Bankruptcy Code which apply hereto or to other Operative Documents immediately prior thereto and (v) there shall have been delivered to the Lessor, the Owner Participant and the Indenture Trustee an Officer's Certificate of such successor and an opinion of its general counsel, each stating that such assignment or transfer complies with this Section 14(a). Upon any such assignment complying with the foregoing (except as provided in clause (i) above), the Lessee shall be released from its obligations hereunder, and, if requested by the Lessee, the Lessor, at the Lessee's expense, shall execute and deliver such documents as may be necessary or appropriate to effectuate and confirm such release. Any assignment done in violation of this Section 14(a) shall be void.

(b) Sublease. The Lessee shall not, without the prior written consent of the Lessor, (x) sublease any Railcar or any interest therein or (y) except as permitted in Section 6 hereof otherwise part with possession or control or permit the use by any other Person of any Railcar, except, so long as no Event of Lease Default shall have occurred and be continuing

(i) to the Seller or other maintenance facilities for maintenance, repair or overhaul, or for modification to the extent permitted hereby;

(ii) pursuant to interchange arrangements on terms which are standard within the railroad industry; or

(iii) to sublessees incorporated in the United States of America, Canada or Mexico, upon lines of railroad owned or operated by any railroad company

or companies incorporated in such jurisdictions, or over which such railroad companies have trackage rights or rights for the operation of railroad equipment, and upon connecting and other carriers in the usual interchange or in through or run through of traffic in North America; provided, however, that if the Lessee subleases any Railcar to a sublessee which operates primarily in Canada (or any province or territory thereof) or Mexico (or any state thereof), the Lessee shall first have made all filings and deposits which are necessary or advisable under then-current prudent industry practice (including any actions reasonably requested by the Lessor or the Indenture Trustee) to protect the right, title and interest of the Lessor under this Lease and the Indenture Trustee under the Indenture in and to the Railcars to be so subleased, and, in the case of a sublease to a sublessee which operates primarily in Canada, the Lessee shall furnish to the Lessor and the Indenture Trustee, upon written request, an opinion of Canadian counsel, reasonably satisfactory to the Lessor and the Indenture Trustee, to the effect that such action is all that is necessary to protect such right, title and interest of the Lessor and the Indenture Trustee in and to such Railcars and that the security interest of the Indenture Trustee in the Railcars and this Lease and the interest of the Lessor and the Owner Participant in the Railcars and in this Lease will be respected under the laws of Canada.

Any such sublease shall include appropriate provisions which (1) make such sublease expressly subject and subordinate to all of the terms of this Lease and the Indenture, including the rights of the Lessor and the Indenture Trustee to avoid such sublease in the exercise of their rights to repossession of the relevant Railcars hereunder and thereunder; (2) expressly prohibit any further subleasing of such Railcars; (3) require such Railcars to be maintained in accordance with the terms of this Lease; (4) limit the term of such sublease (including renewal rights) to a period not beyond the end of the Lease Term; and (5) require that such Railcars be used in accordance with the limitations applicable to the Lessee's possession and use provided in this Lease. The Lessee shall give the Lessor and the Indenture Trustee prompt notice of any sublease entered into pursuant to this Section 14(b), and in the case of a sublease of a duration longer than one year, the Lessee shall inspect the Railcars so subleased at least once every twelve months. Notwithstanding any such sublease, the Lessee shall remain liable for all of its obligations hereunder and under the

other Operative Documents to which it is a party to the same extent as if such sublease were not in effect.

(c) Assignment Pursuant to Indenture. The Lessee hereby specifically consents to the mortgage, pledge and assignments effected or to be effected by the Indenture. The Lessee agrees to deliver any further consents and acknowledgments with respect to any such mortgage, pledge or assignments as the Lessor or the Indenture Trustee may reasonably request.

(d) Assignment by Lessor. The Lessor agrees that it will not assign or transfer its right, title and interest in and to this Lease or any Railcar, except as contemplated by the Trust Agreement and the Indenture, except as permitted by the terms of the Participation Agreement and except that the Lessor may, prior to the end of the Basic Term or any Renewal Term, as the case may be, agree to sell or otherwise dispose of such Railcar effective at or after the end of the Basic Term or such Renewal Term, as the case may be, provided that any such agreement is stated expressly to be subject and subordinate to the Indenture, unless the Indenture is no longer in effect, and to the rights of the Lessee hereunder. Prior to executing any such assignment of its rights hereunder, the Lessor shall notify the Lessee and the Indenture Trustee thereof.

Section 15. Events of Lease Default. Each of the following events shall constitute an "Event of Lease Default" (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any Official Body or any other Applicable Law):

(a) the Lessee shall fail to make any payment of Basic Rent, Interim Rent, Stipulated Loss Value, Termination Value, Early Buy-Out Price or Supplemental Rent payable pursuant to clause (ii) of Section 3(c) hereof or any interest on any of the foregoing when due and such failure shall be continuing at the end of the fifth Business Day after the Lessee's receipt of notice of such failure and written demand for payment; or

(b) the Lessee shall fail to make any payment of Supplemental Rent (other than Supplemental Rent covered by clause (a) above) or any interest thereon before the end of the 15th day after the Lessee (and, if such demand is being made by the Indenture Trustee, the Lessor) shall have

received written demand for such payment from the Lessor, the Owner Participant or the Indenture Trustee; or

(c) the Lessee shall fail to perform or observe or shall otherwise breach any other covenant, condition or agreement to be performed or observed by it hereunder or under any other Operative Document to which it is a party and such failure or breach shall continue unremedied for a period of 30 days after the Lessee shall have received notice thereof from the Lessor, the Owner Participant or the Indenture Trustee; unless (i) such failure is curable within 180 days, (ii) the Lessee shall be diligently proceeding to cure such failure and (iii) the Lessee cures such failure within 180 days after receipt by the Lessee of such notice; or

(d) the Lessee shall fail to maintain in effect insurance required by Section 11 hereof; or

(e) any representation or warranty made by the Lessee herein or in any Operative Document (other than the Tax Indemnification Agreement) shall prove at any time to have been incorrect as of the date made or given in any material respect and, if such incorrect representation or warranty can be cured, shall not have been cured on or prior to 30 days after the Lessee shall have received notice from the Lessor or the Indenture Trustee; or

(f) the Lessee shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any applicable bankruptcy or insolvency law (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against the Lessee in any such proceeding, or the Lessee shall by voluntary petition, answer or consent, seek relief under the provisions of any now existing or future bankruptcy, insolvency or other similar law providing for the liquidation, reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors; or

(g) a receiver, trustee, liquidator or custodian of the Lessee or of a substantial part of its property shall be appointed by court order and such order shall remain in effect for more than 60 days; or the Lessee shall be adjudicated bankrupt or insolvent or any of its properties shall be

sequestered by court order and such order shall remain in effect for more than 60 days; or a petition shall be filed against the Lessee under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and shall not be dismissed within 60 days after such filing; or the Lessee makes a general assignment for the benefit of its creditors; or the Lessee admits in writing its inability to pay its debts generally as they become due, or is unable to pay or is generally not paying its debts as they become due.

Section 16. Action Following an Event of Lease Default. Upon the occurrence of an Event of Lease Default and at any time thereafter so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default (except that no such declaration shall be required in the case of an Event of Lease Default pursuant to clause (f) or (g) of Section 15 hereof) and at any time thereafter, so long as the Lessee shall not have remedied all outstanding Events of Lease Default, the Lessor may do one or more of the following, as the Lessor in its sole discretion shall so elect, to the extent permitted by and subject to compliance with, any mandatory requirements of Applicable Law then in effect:

(a) Redelivery and Retaking. By notice to the Lessee, the Lessor may terminate this Lease with respect to any or all of the Railcars, whereupon all right of the Lessee to the possession and use of such Railcars shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may cause the Lessee, at the Lessee's expense, to, and the Lessee hereby agrees that it will, (i) if requested by the Lessor, give prompt notice to the Association of American Railroads and all railroads having possession of any such Railcar to return such Railcars promptly to the Lessee, and (ii) promptly redeliver such Railcars, or cause such Railcars to be redelivered, to the Lessor with all reasonable dispatch and in the same manner and in the same condition as if such Railcars were being redelivered in accordance with all of the provisions of Sections 4(c) and 7(b) hereof and all obligations of the Lessor under said Sections and this Lease shall apply to such redelivery, provided, however, that the Lessor shall have the right to store each such redelivered Railcar on storage tracks selected and owned by the Lessee free of charge and at the Lessee's risk for a period

commencing on the date of the actual delivery thereof to such storage tracks and terminating on a date 365 days after the actual delivery of such Railcar to such storage tracks; or the Lessor or its agent, at the Lessor's option, without further notice, may, but shall be under no obligation to, retake such Railcars wherever found, and irrespective of whether the Lessee, any sublessee or any other Person is in possession of such Railcars or any of them, all upon notice and with process of law, and for that purpose the Lessor or its agent may enter upon any premises, where any such Railcar is and may take immediate possession thereof and remove the same, and may use and employ in connection with such removal any services, aids, equipment, trackage and other facilities of the Lessee. The exercise by the Lessor of its remedies under this Section 16(a) shall be without prejudice, and in addition to any of the Lessor's other remedies referred to below in this Section 16.

(b) Liquidated Damages. Whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any options, rights or remedies under Section 16(a) or 16(d) hereof, the Lessor, in lieu of exercising its rights under Section 16(c) hereof, may, by notice to the Lessee specifying a payment date which shall be a date set forth on Schedule 3 hereof and shall not be earlier than 10 nor later than 100 days from the date of such notice, may require the Lessee to pay to the Lessor, and the Lessee hereby agrees that it will pay to the Lessor on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, and in lieu of any further Basic Rent payments hereunder with respect to any Railcar, an amount equal to the Stipulated Loss Value for such Railcar computed as of the payment date specified in such notice plus any unpaid Basic Rent due and payable prior to such payment date plus any Supplemental Rent then due, and provided that if the Lessee shall have made the foregoing payments in full, the Lessor shall thereafter pay over to the Lessee, as and when from time to time received, the net proceeds of any sale, lease or other disposition of such Railcar (after deducting all costs and expenses whatsoever incurred by the Lessor, the Owner Participant and the Indenture Trustee in connection therewith and all other amounts which may become payable by the Lessor and the Owner Participant with respect thereto) up to the amount of such Stipulated Loss Value actually paid.

(c) Alternate Liquidated Damages. Whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any options, rights or remedies under Section 16(a) or 16(d) hereof, the Lessor, in lieu of exercising its rights under Section 16(b) hereof, may, by notice to the Lessee specifying a payment date which shall be a date set forth on Schedule 3 hereof and which shall not be earlier than 10 days after the date of such notice, demand that the Lessee pay to the Lessor and in which case the Lessee shall pay to the Lessor, on such payment date, as liquidated damages for loss of a bargain and not as a penalty, and in lieu of Basic Rent for any Railcar due after such payment date, any unpaid Basic Rent due and payable prior to such payment date plus any Supplemental Rent then due plus whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice:

(i) an amount equal to the excess, if any, of the Stipulated Loss Value of such Railcar computed as of the payment date specified in such notice, over the Fair Market Rent thereof, determined by an Appraiser selected by the Lessor, for the remainder of the Lease Term applicable to such Railcar after discounting such Fair Market Rent semi-annually to present worth as of such payment date at a rate equal to the Coupon Rate; or

(ii) an amount equal to the excess, if any, of the Stipulated Loss Value of such Railcar computed as of the payment date specified in such notice, over the Fair Market Sale Value thereof, determined by an Appraiser selected by the Lessor, as of such payment date;

provided, however, that if such Railcar cannot be repossessed, the Fair Market Rent and the Fair Market Sale Value of such Railcar shall, for purposes of this Section 16(c), be deemed to be equal to zero.

(d) Sale; Use. The Lessor or its agent may sell any Railcar at a public or private sale, by such advertisement or publication, if any, as the Lessor may determine, or otherwise may dispose of, hold, use, operate, lease (whether for a period greater or less than the balance of what would have been the Lease Term in the absence of the termination of the Lessee's rights to such Railcar) to others or keep idle such Railcar, all on such

terms and conditions and at such place or places as the Lessor may in its sole discretion determine and all free and clear of any rights of the Lessee and of any claim of the Lessee in equity, at law or by statute, whether for loss or damage or otherwise, and without any duty to account to the Lessee except to the extent specifically provided above.

(e) Other Remedies. The Lessor may exercise any other right or remedy, not inconsistent with the foregoing, that may be available to it at law or in equity and may proceed by appropriate court action to enforce the terms of this Lease or to recover damages for the breach hereof.

In addition, the Lessee shall be liable for any and all Supplemental Rent payable hereunder before, during or after the exercise of any of the foregoing remedies, which Supplemental Rent shall include, on an After-Tax Basis, all reasonable legal fees and other costs and expenses, including the cost of any appraisal required by this Section 16, incurred by the Lessor, the Owner Participant, any Holder and the Indenture Trustee solely by reason of the occurrence of any Event of Lease Default or solely by reason of the exercise by the Lessor, the Owner Participant, any Holder or the Indenture Trustee of any remedy hereunder, including any redelivery or retaking of such Railcar in accordance with this Section 16 or the placing of such Railcar in the condition required by the terms of Sections 4(c) and 7 hereof (other than the last sentence of Section 7(a) hereof). Except as specifically provided herein, no remedy referred to in this Section 16 is intended to be exclusive, but each shall be cumulative and is in addition to, and may be exercised concurrently with, any other remedy which is referred to in this Section 16 or which may otherwise be available at law or in equity. Any moneys held by the Lessor which would otherwise have been required by the terms hereof or any other Operative Agreement to have been paid to the Lessee but payment of which has been suspended due to the occurrence of an Event of Lease Default may, in the sole discretion of the Lessor, be applied in satisfaction or reduction of any of the Lessee's obligations hereunder. To the extent permitted by Applicable Law, the rights of the Lessor and the obligations of the Lessee under this Section 16 shall be effective and enforceable regardless of the pendency of any proceeding which has or might have the effect of preventing the Lessor and the Lessee from complying with the terms of this Lease. No express or implied waiver by the Lessor of any Event of Lease Default shall in any way be, or be construed to be, a waiver of any further or subsequent Event of Lease Default.

Section 17. Notices. All notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof shall be in writing (it being understood that any specification of writing in some instances and not in others does not imply an intention that a writing is not required as to the latter), and any such notice shall become effective when received and shall be deposited in the mails, certified or registered, with appropriate postage prepaid for first class mail, or delivered by hand or courier service or by a telex or facsimile transmission and shall be addressed (a) to the respective addresses set forth in Schedule 1 to the Participation Agreement or (b) to such other address as any such addressee may designate by notice given to the other party hereto.

Section 18. Further Assurances; Perfection of Security Interests. Each party hereto shall promptly and duly execute and deliver to the other party or the Indenture Trustee such further documents and assurances and take such further action as the same may from time to time be reasonably requested in order more effectively to carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of the Lessee, the Lessor and the Indenture Trustee hereunder and under the Indenture. Upon termination of this Lease (by expiration or otherwise), the Lessor shall, upon the Lessee's request and at the Lessee's expense, execute and deliver to the Lessee or the Indenture Trustee such further documents and assurances and take such further actions as the Lessee may reasonably request, in order to satisfy any and all Liens provided for in the Indenture. The Lessee will at all times cause to be kept filed and refiled any required financing and continuation statements and cause to be taken such other actions, as in the opinion of counsel to the Lessor, the Indenture Trustee or the Owner Participant are required by law in order fully to perfect, preserve and protect the Lien of the Indenture. The Lessee will pay or cause to be paid all taxes, fees and other charges in connection with such filing and refiling. The Lessee agrees to provide to the Lessor, the Indenture Trustee and the Owner Participant from time to time upon request true copies of the then-current Interchange Rules and Supplements thereto of the Association of American Railroads.

Section 19. Successor Banks and Trustees. The Lessee agrees that in the case of the appointment of any successor trustee pursuant to the terms of the Trust Agreement or the Indenture, such successor trustee shall, upon notice to the Lessee, succeed to all the respective rights, powers and title of the Lessor hereunder or to all

of the rights and powers of the Indenture Trustee hereunder, as the case may be, and shall be deemed to be the owner or mortgagee, respectively, of the Railcars for all purposes hereof, without the necessity of any consent or approval by the Lessee and without in any way altering the terms of this Lease or the Lessee's obligations hereunder. One such appointment and designation of a successor trustee shall not exhaust the right to appoint and designate further successor trustees pursuant to the Trust Agreement or the Indenture, but such right may be exercised repeatedly as long as this Lease shall be in effect. The trustee or any successor trustee from time to time serving thereunder may, but shall not be obligated to, appoint one or more of its officers as attorney-in-fact for such trustee or such successor trustee, as the case may be, to execute any and all notices, consents and approvals or other documents necessary or desirable to be executed in connection with this Lease or the Railcars.

Section 20. Indenture Trustee. The provisions of this Lease that require or permit action by, the payment of any moneys to, the consent or approval of, the furnishing of any instrument or information to, or the performance of any other obligation to, the Indenture Trustee shall not be effective, and the Sections hereof containing such provisions shall be read as though there were no such requirements or provisions and all moneys otherwise payable to the Indenture Trustee hereunder shall be paid to the Lessor after the lien of the Indenture has been released in accordance with Section 5.01 of the Indenture and the Indenture Trustee shall have given the Lessee and the Lessor notice of the satisfaction and discharge of the Indenture.

Section 21. Warranty Enforcement. For so long as no Event of Lease Default has occurred and is continuing, the Lessor constitutes the Lessee as the agent and attorney-in-fact of the Lessor for the purpose of exercising and enforcing, and with full right, power and authority to exercise and to enforce, to the exclusion of the Lessor and all Persons claiming through or under the Lessor, all of the Seller's warranties with respect to the Railcars. The Lessor shall execute and deliver any instruments reasonably requested by the Lessee to enable the Lessee to enforce such rights.

Section 22. Lessor's Right to Perform for Lessee. If the Lessee fails to make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of the terms of this Lease or any of its agreements contained herein, the Lessor may, on behalf of the Lessee and upon notice to the Lessee, itself make such

payment, perform such agreement and/or remedy such failure to perform or comply. The amount of any such payment and the amount of the reasonable expenses of the Lessor incurred in connection with such payment, performance and/or compliance, together with interest thereon, to the extent permitted by Applicable Law, at the Overdue Rate, shall be deemed Supplemental Rent, payable promptly by the Lessee to the Lessor upon demand. The Lessor is under no obligation to the Lessee or any other Person to do any such act or make any such expenditure.

Section 23. Filings. This Lease or a counterpart or copy hereof or evidence hereof may be filed or recorded in any public office as may be necessary or appropriate to protect the interest of the Lessor, the Owner Participant or the Indenture Trustee herein or in the Railcars. Prior to the delivery and acceptance of any Railcar, the Lessee will, at its sole expense, (a) cause this Lease, the Indenture and the Lease and Indenture Supplement to be (i) duly filed and recorded with the ICC in accordance with 49 U.S.C. § 11303 of the Interstate Commerce Act and (ii) deposited in the Office of the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada (and all necessary actions shall have been taken for publication of notice of such deposit in *The Canada Gazette* in accordance with such Section 90), and (b) cause Uniform Commercial Code financing statements (or appropriate amendments to any already-filed financing statements) naming the Lessor as the debtor and the Indenture Trustee as the secured party to be filed in such public offices as are reasonably deemed necessary or appropriate by the Indenture Trustee, the Lessor or the Owner Participant in order to perfect the right, title and interest of the Indenture Trustee in the Indenture Estate and cause precautionary Uniform Commercial Code financing statements (or appropriate amendments to any already-filed financing statements) naming the Lessee as the debtor, the Lessor as the secured party and the Indenture Trustee as the assignee of the secured party to be filed in such public offices as are reasonably deemed necessary or appropriate by the Indenture Trustee, the Lessor or the Owner Participant to perfect the right, title and interest of the Lessor in the Railcars and to perfect the right, title and interest of the Indenture Trustee as assignee of the Lessor in the Railcars. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, deposit, register and record (and will refile, redeposit, reregister or rerecord whenever required) any and all further instruments required by Applicable Law or reasonably requested, and in such places within the United States, Canada and/or Mexico as reasonably requested, by the Lessor or the Indenture Trustee as its assignee under the Indenture for the .

purpose of protecting the Lessor's title to, or such assignee's security interest in, any Railcar and the Lease, and in connection with any such action, will deliver to the Lessor and such assignee proof of such filings. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording, rerecording, depositing and redepositing of any such instruments.

Section 24. Miscellaneous.

(a) Amendment and Waiver. Neither this Lease nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which the enforcement of such termination, amendment, supplement, waiver or modification shall be sought, and no such termination, amendment, supplement, waiver or modification shall be effective unless a signed copy thereof shall have been delivered to each other party hereto. No failure or delay of any party in exercising any power or right under this Lease shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

(b) Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(c) Currency. All amounts and moneys referred to in this Lease shall be construed to mean Dollars and shall be payable in Dollars in immediately available funds.

(d) Liabilities of Lessor. Notwithstanding anything to the contrary herein, it is expressly agreed that each and every representation, warranty, covenant, undertaking and agreement herein made on the part of the Lessor is made and intended not as a personal representation, warranty, covenant, undertaking or agreement by Meridian Trust, or for the purpose or with the intention of binding Meridian Trust personally, but is made and intended for the purpose of binding only the Trust Estate (as defined in the Trust Agreement), and this Lease is executed and delivered by Meridian Trust not in its own right but solely in the exercise of the powers expressly conferred upon it as Owner Trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against Meridian Trust on account

of this Lease or on account of any representation, warranty, covenant, undertaking or agreement of the Lessor, either expressed or implied herein, all such personal liability, if any, being expressly waived and released by the Lessee and by all Persons claiming by, through or under it, and that all recourse against Meridian Trust or the Owner Participant under this Lease shall be limited to the Trust Estate, provided, however, that nothing herein shall be interpreted to relieve Meridian Trust from any personal liability expressly assumed in any Operative Document.

(e) Table of Contents; Headings. The table of contents preceding this Lease and the headings of the various sections and other subdivisions of this Lease are intended for convenience of reference only and shall not affect in any way the meaning or interpretation of the provisions hereof.

(f) Counterparts. This Lease may be executed by the parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument. All signatures need not be on the same counterpart.

(g) Chattel Paper. The parties hereto agree that certain rights, title and interest of the Lessor in and to this Lease and to the Railcars have been assigned to and are subject to a Lien in favor of the Indenture Trustee under the Indenture. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease may be created through the transfer or possession of any counterpart other than the original counterpart that contains the receipt therefor executed by the Indenture Trustee on or immediately following the signature page thereof.

(h) Severability of Provisions. Any provision of this Lease that shall be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in such jurisdiction, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Applicable Law, the parties hereto hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(i) Governing Law. This Lease shall in all respects be governed by, and construed in accordance with, the law of the State of New York (excluding the laws applicable to conflicts or choice of law), including all matters of construction, validity and performance.

(j) Quiet Enjoyment. So long as this Lease shall remain in effect and no Event of Lease Default shall have occurred and be continuing, the Lessor hereby (a) gives to the Lessee the exclusive right to use the Railcars to the extent and in the manner expressly provided herein and (b) agrees that it shall not take or cause, permit or suffer to be taken any action arising by, through or under it or its respective successors and assigns which would interfere with the Lessee's rights hereunder or the quiet enjoyment of the Railcars, including the right to continuous and uninterrupted possession, use and operation of the Railcars.

(k) Handling of Moneys Pending Application. Any moneys paid to or retained or applied for the benefit of the Lessee (including amounts payable to the Lessee under Sections 11 and 12 hereof), but which the Lessor is entitled to hold under the terms hereof pending the occurrence of some event or the performance of some act (including the remedying of an Event of Lease Default or Potential Lease Default), shall, until paid to the Lessee or applied as provided herein, be invested by the Lessor (or, if the Indenture shall not have been discharged, the Indenture Trustee) from time to time at the direction, risk and expense of the Lessee in Permitted Investments. There shall be promptly remitted to the Lessee any gain (including interest received) realized as the result of any such investment (net of any fees, commissions and other expenses, if any, incurred in connection with such investment) unless an Event of Lease Default or Potential Lease Default shall exist or shall have occurred and be continuing, in which case such gains shall be held subject to the preceding sentence. The Lessee will promptly pay to the Indenture Trustee or the Lessor, as the case may be, on demand, the amount of any loss realized as the result of any such investment (together with any fees, commissions and other expenses, if any, incurred in connection with such investment).

(l) Lease Not Conveyance to Lessee. This Lease shall be construed as an agreement of lease and nothing herein shall be construed as conveying to the Lessee any right, title, or interest in or to any Railcar, except as lessee only.

(m) Entitlement to § 1168 Benefits Intended. It is the intention of the parties that the Lessor (and the

Indenture Trustee as assignee of the Lessor under the Indenture) shall be entitled to the benefits of 11 U.S.C. § 1168 with respect to the right to repossess any Railcar as provided herein, and in any circumstances where more than one construction of the terms and conditions of this Lease is possible, a construction which would preserve such benefits shall control over any construction which would not preserve such benefits or would render them doubtful. To the extent consistent with the provisions of 11 U.S.C. § 1168 or any analogous section of the Bankruptcy Code or other Applicable Law, as amended from time to time, it is hereby expressly agreed and provided that, notwithstanding any other provisions of the federal bankruptcy laws, as amended from time to time, any right of the Lessor to take possession of any Railcar in compliance with the provisions of this Lease shall not be affected by the provisions of 11 U.S.C. § 362 or 363, as amended from time to time, or any analogous provisions of any superseding statute or any power of the bankruptcy court to enjoin such taking of possession.

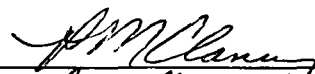
(n) Execution. Although this Lease is dated as of the date first above written for convenience, the actual dates of execution hereof by the parties hereto are respectively the dates set forth below the corresponding signatures hereto, and when executed by both of the parties hereto, this Lease shall be effective on, and

shall not be binding upon all of the parties hereto until,
the later of such dates.

IN WITNESS WHEREOF, the parties hereto have caused
this Lease to be duly executed by their respective
officers thereunto duly authorized on the respective dates
set forth below.

[corporate seal]

MERIDIAN TRUST COMPANY
not in its individual
capacity but solely as the
Owner Trustee, as the Lessor

By 
Name: PAUL M. CLANCY
Title: ASST. VICE PRES.


Executed on this 5th day of
February, 1992

[corporate seal]

UNION PACIFIC RAILROAD COMPANY
as the Lessee

ATTEST:


Assistant Secretary

By 
Name: John B. Larsen
Title: Assistant Treasurer

Executed on this 28th day of
January, 1992

Receipt of this original counterpart
of this Lease is hereby acknowledged
this _____ day of _____, 1992.

WILMINGTON TRUST COMPANY,
as Indenture Trustee

By _____
Name:
Title:

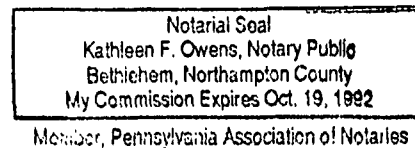
Commonwealth of Pennsylvania)
) SS
County of ~~Philadelphia~~
Lehigh

On this 28th day of January, 1992, before me personally appeared John B. Larsen, to me personally known, who being by me duly sworn, says that he or she is the Assistant Treasurer of Union Pacific Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he or she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[notary seal]

Kathleen F. Owens
notary public

My commission expires:



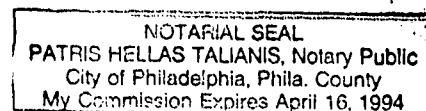
Commonwealth of Pennsylvania)
) SS
County of Philadelphia)

On this 5th day of February, 1992, before me personally appeared Paul M. Clancy, to me personally known, who being by me duly sworn, says that he or she is the Asst. Vice Pres. of Meridian Trust Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he or she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[notary seal]

Patris Hellas Talianis
notary public

My commission expires:



**SCHEDULE 1 TO
LEASE AGREEMENT**

BASIC AND INTERIM RENT

Aluminum Rapid Discharge® II Hopper Railcars

(Amounts expressed as a percentage of Lessor's Cost)

<u>DATE</u>	<u>RENT IN ADVANCE</u>	<u>RENT IN ARREARS</u>
08/04/92	0.00000000%	0.00000000%
02/04/93	0.00000000%	3.33199996%
08/04/93	0.00000000%	5.48174786%
02/04/94	0.00000000%	3.28971696%
08/04/94	0.00000000%	5.52403102%
02/04/95	0.00000000%	3.19665771%
08/04/95	0.00000000%	5.61709011%
02/04/96	0.00000000%	3.09584678%
08/04/96	0.00000000%	5.71790119%
02/04/97	0.00000000%	2.98663811%
08/04/97	0.00000000%	5.82710971%
02/04/98	0.00000000%	2.86833248%
08/04/98	0.00000000%	5.94541533%
02/04/99	0.00000000%	2.74017203%
08/04/99	0.00000000%	6.07357594%
02/04/2000	0.00000000%	2.60133580%
08/04/2000	0.00000000%	6.21241217%
02/04/2001	0.00000000%	2.45093437%
08/04/2001	0.00000000%	6.36281345%
02/04/2002	0.00000000%	2.28800477%
08/04/2002	0.00000000%	8.48435386%
02/04/2003	0.00000000%	2.09354892%
08/04/2003	0.00000000%	8.67880972%
02/04/2004	0.00000000%	1.90370052%
08/04/2004	0.00000000%	8.86865812%
02/04/2005	0.00000000%	1.71625143%
08/04/2005	0.00000000%	9.05610720%
02/04/2006	0.00000000%	1.53686583%
08/04/2006	0.00000000%	9.23549281%
02/04/2007	9.41745466%	1.35490398%
08/04/2007	1.00754286%	0.00000000%
02/04/2008	9.76481578%	0.00000000%
08/04/2008	2.27205759%	0.00000000%
02/04/2009	8.50030104%	0.00000000%
08/04/2009	10.77235864%	0.00000000%
02/04/2010	0.00000000%	0.00000000%
08/04/2010	0.00000000%	0.00000000%

SCHEDULE 2 TO
LEASE AGREEMENT

TERMINATION VALUE

Aluminum Rapid Discharge® II Hopper Railcars

(Amounts expressed as a percentage of Lessor's Cost)

<u>Date</u>	<u>Termination Loss Value</u>
08/04/99	108.49552156%
09/04/99	102.86948061%
10/04/99	103.31711870%
11/04/99	103.76485983%
12/04/99	104.21270557%
01/04/2000	104.66065622%
02/04/2000	105.10871349%
03/04/2000	102.95554158%
04/04/2000	103.40381350%
05/04/2000	103.85219315%
06/04/2000	104.30068194%
07/04/2000	104.74928116%
08/04/2000	105.19799067%
09/04/2000	99.40933316%
10/04/2000	99.83319990%
11/04/2000	100.25717987%
12/04/2000	100.68127406%
01/04/2001	101.10548331%
02/04/2001	101.52980783%
03/04/2001	99.50331443%
04/04/2001	99.92787364%
05/04/2001	100.35255055%
06/04/2001	100.77734712%
07/04/2001	101.20226345%
08/04/2001	101.62730026%
09/04/2001	95.66249123%
10/04/2001	96.06061870%
11/04/2001	96.45886856%
12/04/2001	96.85724376%
01/04/2002	97.25818312%
02/04/2002	97.65926928%
03/04/2002	95.77249998%
04/04/2002	96.17523920%
05/04/2002	96.58468811%
06/04/2002	96.99435984%
07/04/2002	97.41080278%
08/04/2002	97.82753024%
09/04/2002	89.71030581%
10/04/2002	90.07756850%
11/04/2002	90.44496637%
12/04/2002	90.81250073%
01/04/2003	91.18671733%

<u>Date</u>	<u>Termination Loss Value</u>
02/04/2003	91.56113047%
03/04/2003	89.84219240%
04/04/2003	90.21991186%
05/04/2003	90.60499929%
06/04/2003	90.99038019%
07/04/2003	91.38319693%
08/04/2003	91.77637310%
09/04/2003	83.43472685%
10/04/2003	83.77203574%
11/04/2003	84.10949255%
12/04/2003	84.44709822%
01/04/2004	84.79199469%
02/04/2004	85.13710466%
03/04/2004	83.57873032%
04/04/2004	83.92744854%
05/04/2004	84.28550856%
06/04/2004	84.64389727%
07/04/2004	85.01171481%
08/04/2004	85.37994902%
09/04/2004	76.81904023%
10/04/2004	77.12695082%
11/04/2004	77.43502338%
12/04/2004	77.74325672%
01/04/2005	78.06074663%
02/04/2005	78.37848320%
03/04/2005	76.98021575%
04/04/2005	77.30248911%
05/04/2005	77.63608847%
06/04/2005	77.97007618%
07/04/2005	78.31549325%
08/04/2005	78.66140332%
09/04/2005	69.88514699%
10/04/2005	70.16517226%
11/04/2005	70.44537353%
12/04/2005	70.72575194%
01/04/2006	71.01734618%
02/04/2006	71.30921742%
03/04/2006	70.06450431%
04/04/2006	70.36184504%
05/04/2006	70.67110171%
06/04/2006	70.98079268%
07/04/2006	71.30250998%
08/04/2006	71.62477183%
09/04/2006	62.64098426%
10/04/2006	62.89288027%
11/04/2006	63.14496672%
12/04/2006	63.39725009%
01/04/2007	63.66131312%
02/04/2007	63.92567634%
03/04/2007	53.34829420%
04/04/2007	53.54347053%

<u>Date</u>	<u>Termination Loss Value</u>
05/04/2007	53.75180718%
06/04/2007	53.96046125%
07/04/2007	54.18239498%
08/04/2007	54.40476738%
09/04/2007	53.62003854%
10/04/2007	53.85625771%
11/04/2007	54.09304171%
12/04/2007	54.33039540%
01/04/2008	54.58128302%
02/04/2008	54.83286330%
03/04/2008	45.22891943%
04/04/2008	45.39577122%
05/04/2008	45.57868955%
06/04/2008	45.76202548%
07/04/2008	45.96157619%
08/04/2008	46.16168769%
09/04/2008	44.07426231%
10/04/2008	44.27517497%
11/04/2008	44.47671365%
12/04/2008	44.67887878%
01/04/2009	44.89747851%
02/04/2009	45.11685611%
03/04/2009	36.78294752%
04/04/2009	36.95715067%
05/04/2009	37.16066774%
06/04/2009	37.36530579%
07/04/2009	37.59952061%
08/04/2009	37.83513463%
09/04/2009	27.22801456%
10/04/2009	27.42311658%
11/04/2009	27.61990471%
12/04/2009	27.81839501%
01/04/2010	28.04704540%
02/04/2010	28.27768346%
03/04/2010	28.51032673%
04/04/2010	28.75762954%
05/04/2010	29.04525762%
06/04/2010	29.33539502%
07/04/2010	29.66623914%
08/04/2010	30.00000000%

SCHEDULE 3 TO
LEASE AGREEMENT

STIPULATED LOSS VALUE*

Aluminum Rapid Discharge® II Hopper Railcars

<u>Date</u>	<u>Stipulated Loss Value</u>
03/04/92	104.37372340%
04/04/92	105.33020320%
05/04/92	106.24928713%
06/04/92	107.18936533%
07/04/92	108.09190031%
08/04/92	109.01528251%
09/04/92	109.95528072%
10/04/92	110.87510750%
11/04/92	111.79816927%
12/04/92	112.72449980%
01/04/93	113.63053396%
02/04/93	114.53968449%
03/04/93	112.11997827%
04/04/93	113.02495728%
05/04/93	113.90392619%
06/04/93	114.78577064%
07/04/93	115.64139445%
08/04/93	116.49968579%
09/04/93	111.85402814%
10/04/93	112.66355638%
11/04/93	113.47540135%
12/04/93	114.28958389%
01/04/94	115.07700833%
02/04/94	115.86655146%
03/04/94	113.36851639%
04/04/94	114.14941500%
05/04/94	114.91180600%
06/04/94	115.67609302%
07/04/94	116.42172333%
08/04/94	117.16909976%
09/04/94	112.37869714%
10/04/94	113.09353396%
11/04/94	113.80998033%
12/04/94	114.52805064%
01/04/95	115.22718997%
02/04/95	115.92779849%
03/04/95	113.43323165%
04/04/95	114.12767616%
05/04/95	114.80927695%
06/04/95	115.49218990%
07/04/95	116.16215595%
08/04/95	116.83333179%

<u>Date</u>	<u>Stipulated Loss Value</u>
09/04/95	111.87183234%
10/04/95	112.51438328%
11/04/95	113.15804772%
12/04/95	113.80283489%
01/04/96	114.43448497%
02/04/96	115.06715088%
03/04/96	112.60499633%
04/04/96	113.23337642%
05/04/96	113.85307745%
06/04/96	114.47368741%
07/04/96	115.08554718%
08/04/96	115.69824570%
09/04/96	110.57568720%
10/04/96	111.16221673%
11/04/96	111.74952067%
12/04/96	112.33760749%
01/04/97	112.91681319%
02/04/97	113.49672897%
03/04/97	111.09072175%
04/04/97	111.66777776%
05/04/97	112.23619064%
06/04/97	112.80521594%
07/04/97	113.36552662%
08/04/97	113.92637679%
09/04/97	108.64094377%
10/04/97	109.17383735%
11/04/97	109.70720179%
12/04/97	110.24104137%
01/04/98	110.76602608%
02/04/98	111.29141196%
03/04/98	108.94886718%
04/04/98	109.47091510%
05/04/98	109.98436550%
06/04/98	110.49811189%
07/04/98	111.00318731%
08/04/98	111.50848385%
09/04/98	106.04722945%
10/04/98	106.52264447%
11/04/98	106.99820598%
12/04/98	107.47391548%
01/04/99	107.94379357%
02/04/99	108.41376793%
03/04/99	106.14366867%
04/04/99	106.61383899%
05/04/99	107.08410901%
06/04/99	107.55447819%
07/04/99	108.02494979%
08/04/99	108.49552156%
09/04/99	102.86948061%
10/04/99	103.31711870%
11/04/99	103.76485983%

<u>Date</u>	<u>Stipulated Loss Value</u>
12/04/99	104.21270557%
01/04/2000	104.66065622%
02/04/2000	105.10871349%
03/04/2000	102.95554158%
04/04/2000	103.40381350%
05/04/2000	103.85219315%
06/04/2000	104.30068194%
07/04/2000	104.74928116%
08/04/2000	105.19799067%
09/04/2000	99.40933316%
10/04/2000	99.83319990%
11/04/2000	100.25717987%
12/04/2000	100.68127406%
01/04/2001	101.10548331%
02/04/2001	101.52980783%
03/04/2001	99.50331443%
04/04/2001	99.92787364%
05/04/2001	100.35255055%
06/04/2001	100.77734712%
07/04/2001	101.20226345%
08/04/2001	101.62730026%
09/04/2001	95.66249123%
10/04/2001	96.06061870%
11/04/2001	96.45886856%
12/04/2001	96.85724376%
01/04/2002	97.25818312%
02/04/2002	97.65926928%
03/04/2002	95.77249998%
04/04/2002	96.17523920%
05/04/2002	96.58468811%
06/04/2002	96.99435984%
07/04/2002	97.41080278%
08/04/2002	97.82753024%
09/04/2002	89.71030581%
10/04/2002	90.07756850%
11/04/2002	90.44496637%
12/04/2002	90.81250073%
01/04/2003	91.18671733%
02/04/2003	91.56113047%
03/04/2003	89.84219240%
04/04/2003	90.21991186%
05/04/2003	90.60499929%
06/04/2003	90.99038019%
07/04/2003	91.38319693%
08/04/2003	91.77637310%
09/04/2003	83.43472685%
10/04/2003	83.77203574%
11/04/2003	84.10949255%
12/04/2003	84.44709822%
01/04/2004	84.79199469%
02/04/2004	85.13710466%

<u>Date</u>	<u>Stipulated Loss Value</u>
03/04/2004	83.57873032%
04/04/2004	83.92744854%
05/04/2004	84.28550856%
06/04/2004	84.64389727%
07/04/2004	85.01171481%
08/04/2004	85.37994902%
09/04/2004	76.81904023%
10/04/2004	77.12695082%
11/04/2004	77.43502338%
12/04/2004	77.74325672%
01/04/2005	78.06074663%
02/04/2005	78.37848320%
03/04/2005	76.98021575%
04/04/2005	77.30248911%
05/04/2005	77.63608847%
06/04/2005	77.97007618%
07/04/2005	78.31549325%
08/04/2005	78.66140332%
09/04/2005	69.88514699%
10/04/2005	70.16517226%
11/04/2005	70.44537353%
12/04/2005	70.72575194%
01/04/2006	71.01734618%
02/04/2006	71.30921742%
03/04/2006	70.06450431%
04/04/2006	70.36184504%
05/04/2006	70.67110171%
06/04/2006	70.98079268%
07/04/2006	71.30250998%
08/04/2006	71.62477183%
09/04/2006	62.64098426%
10/04/2006	62.89288027%
11/04/2006	63.14496672%
12/04/2006	63.39725009%
01/04/2007	63.66131312%
02/04/2007	63.92567634%
03/04/2007	53.34829420%
04/04/2007	53.54347053%
05/04/2007	53.75180718%
06/04/2007	53.96046125%
07/04/2007	54.18239498%
08/04/2007	54.40476738%
09/04/2007	53.62003854%
10/04/2007	53.85625771%
11/04/2007	54.09304171%
12/04/2007	54.33039540%
01/04/2008	54.58128302%
02/04/2008	54.83286330%
03/04/2008	45.22891943%
04/04/2008	45.39577122%
05/04/2008	45.57868955%

<u>Date</u>	<u>Stipulated Loss Value</u>
06/04/2008	45.76202548%
07/04/2008	45.96157619%
08/04/2008	46.16168769%
09/04/2008	44.07426231%
10/04/2008	44.27517497%
11/04/2008	44.47671365%
12/04/2008	44.67887878%
01/04/2009	44.89747851%
02/04/2009	45.11685611%
03/04/2009	36.78294752%
04/04/2009	36.95715067%
05/04/2009	37.16066774%
06/04/2009	37.36530579%
07/04/2009	37.59952061%
08/04/2009	37.83513463%
09/04/2009	27.22801456%
10/04/2009	27.42311658%
11/04/2009	27.61990471%
12/04/2009	27.81839501%
01/04/2010	28.04704540%
02/04/2010	28.27768346%
03/04/2010	28.51032673%
04/04/2010	28.75762954%
05/04/2010	29.04525762%
06/04/2010	29.33539502%
07/04/2010	29.66623914%
08/04/2010	30.00000000%

* NOTE: If the event giving rise to an obligation to pay any Stipulated Loss Value occurs and the actual date of the loss of tax benefits resulting from such event shall be earlier or later than the date assumed in calculating the federal income tax consequences reflected in the applicable Stipulated Loss Value, such Stipulated Loss Value shall be appropriately adjusted upwards or downwards to reflect the actual timing of the loss of such tax benefits, but otherwise based on the same original assumptions, and such adjustment shall be subject to verification in a manner comparable to that set forth in Section 3(g) of the Lease.

SCHEDULE 4 TO
LEASE AGREEMENT

EARLY-BUY OUT PRICE

Aluminum Rapid Discharge® II Hopper Railcars

(Amounts expressed as a percentage of Lessor's Cost)

Early Buy-Out Price = 46.2%